

Weekly Compilation of
**Presidential
Documents**



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WEEKLY COMPILATION OF

PRESIDENTIAL DOCUMENTS

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Week Ending Friday, July 30, 1993

Memorandum on Sales of Depleted Uranium Ammunition to Sweden

July 14, 1993

Presidential Determination No. 93-31

*Memorandum for the Secretary of State
[and] the Secretary of Defense*

Subject: Military Sales of Depleted Uranium Ammunition

Pursuant to the authority vested in me by Section 551 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1993 (Public Law No. 102-391), I hereby determine that, notwithstanding the limitations of that section of law, it is in the national security interest of the United States to allow funds provided in the above-mentioned or any other Act to be made available to facilitate the sale of M-829 depleted uranium antitank ammunition to Sweden.

You are hereby authorized and directed to transmit this determination to Congress and to arrange for its publication in the *Federal Register*.

William J. Clinton

[Filed with the Office of the Federal Register, 2:28 p.m., July 26, 1993]

NOTE: This memorandum was published in the *Federal Register* on July 28. This item was not received in time for publication in the appropriate issue.

The President's Radio Address

July 24, 1993

Good morning. Six months ago this week, I took office as your President. And together we dedicated ourselves to fulfilling a vision of change for our country, change that would set us firmly on the path to growth, to

progress and prosperity based on some old-fashioned principles and some new ideas.

The principles are that we all ought to be able to take more responsibility for ourselves, our families, and our neighbors; that we ought to have more opportunity in this country; and that together we can make a stronger American community so that all of us as individuals can do better.

We decided to begin with an economic plan which puts aside trickle-down economics and emphasizes bringing down this deficit and investing in our people and our economy; to be followed by an effort to control health care costs and provide affordable health care to all Americans; a welfare reform plan to move people from welfare to work; the national service program to open the doors of college education to millions of young people and give many, many of them a chance to pay their college loans back through service to their communities; a tougher crime bill; and a bill to reform the political system itself, to reduce the influence of big money and lobbyists and to open the process to the influence of ordinary people.

We're making progress on all these efforts, but for the centerpiece, the economic plan, the moment of truth is almost at hand. Lawmakers on Capitol Hill are working on a final version of our budget plan, and in the next couple of weeks when your Senators and Representatives vote on this plan, they will determine whether we will reduce the deficit, rebuild our economy, and recharge our job-creating machine.

This morning I want to talk to you again about that plan and the new jobs it will create. This is our historic opportunity for getting our economic house in order. If we pass the plan, we'll be on the way to reducing the deficit by \$500 billion over the next 5 years, to putting millions more Americans to work, and providing middle class Americans and businesses with the tools they need to compete and win in the global economy.

This plan represents fundamental change, and that's why we're not without our critics in Washington. The problem is that most of what the critics have told you about the plan, that there are no budget cuts, there's no deficit reduction, it's all a big tax increase on the middle class, all those things are absolutely untrue. The fact is, we're cutting \$250 billion in spending, and a lot of those spending cuts are not popular. Over 100 of those cuts exceed \$100 million each.

The second thing is that there are as many spending cuts as tax increases in the plan, and all the cuts and the tax increases will be put into a deficit reduction trust fund so they can't be touched for any other purpose but bringing down our debt.

And another thing you won't hear from the critics of the deficit reduction plan is that 70 percent—that's right, 70 percent—of the new taxes will be paid by the richest Americans, the 1.2 percent of us with incomes of \$200,000 a year or more.

Now, these things are very important. But it's also important what you will have to do, if you're a member of the middle class or the working poor. The middle class will be asked to make a contribution but a very modest one. A family of four with an average income of \$50,000 will be asked to pay about \$50 a year in an energy tax, that's less than \$1 a week, to help ensure the future of our children and our grandchildren. Working families with incomes of under \$30,000 will be held harmless. And the working poor, for the first time in the history of this country, will be helped through the tax system to move out of poverty. That's right. We'll be able to say for the first time if you work full time and you have children in your home, you won't be poor any more. That's the biggest incentive to ending welfare as we know it that I can imagine. At the same time, this plan helps businesses with special incentives to create new jobs.

Over 90 percent of the small businesses in this country will be eligible for a tax cut if they invest in their businesses to improve their productivity and to make it possible for them to grow. That's right. There is no income tax on over 90 percent of the small businesses in this country, and all of them will be eligible for a tax reduction if they in-

vest more money in their businesses. There are special incentives to get people to invest in new businesses, to support research and development, to encourage our bigger companies to employ their resources for new plant and equipment so they can hire new people, to revitalize the real estate industry. There is a provision here that in new communication technology alone can create 300,000 jobs in the next 10 years.

Yesterday the Treasury Department issued a new State-by-State study of the jobs the economy has projected to create over the next 4 years if the Congress passes the economic plan. Based on projections from several leading independent analysts, this report says that over the next 4 years the economy will create 8 million jobs. The Treasury also reports that in the first 5 months of this administration, there have been 740,000 private sector jobs created, about 150,000 a month. That's over seven times the rate of job creation during the previous administration.

These forecasts indicate that individual States should show dramatic improvements compared to the previous 4 years. For example, California's projected to create nearly 2 million new jobs, more than 10 times the number created during the last administration; Georgia, about 400,000 jobs, more than 10 times the number created during the previous years; and Massachusetts projected to create about 100,000 jobs. That's very important there, because in the late 1980's and early 1990's, Massachusetts actually lost over 180,000 jobs. We can help these States with our economic plan and all the others as well, helping to get America moving again, generating permanent, productive private sector jobs.

In the meantime, we're already seeing the dividends from our commitment to fix the economy. As the Chairman of the Federal Reserve Board, Alan Greenspan, reported to the House last week, confidence that we're going to reduce the deficit through this budget plan has inspired those people who determine what the interest rates in our country are, so that now we have the lowest long-term interest rates in 22 years. As a result, many of you listening today may be thinking of refinancing your home, or maybe you're one of the millions of homeowners who have

already done it or all the people who are refinancing their business loans. If you do that, you can save a whole lot more on lower interest rates than you'll be asked to pay in higher taxes to make this plan work.

None of this would have been possible without the determination of our administration to reduce the deficit and to rebuild the economy. We've all gotten an earful from our opponents who would really rather just leave things the way they are. They've misrepresented who is paying the taxes and how much the budget cuts are and the fact that small businesses by and large are getting a tax cut, not a tax increase.

You may recall that I've asked those critics to come up with an alternative. Because let's face it, if there's a better way than the way I've proposed to fix the mess I inherited, I'm sure I want to hear it and you do too. So our critics came up with a plan. And if you have a problem remembering the details, there's a good reason. There weren't a lot of details in the last Senate Republican plan on reducing the deficit. You see, it reduced the deficit a lot less than our plan; \$66 billion of the so-called spending cuts weren't even specified. They said, "Well, trust us. We'll come up with that for later." And as for burden-sharing, they didn't ask the wealthiest Americans, whose taxes went down while their incomes went up in the 1980's, to pay one red cent. They just wanted to cut more in Medicare for the elderly, in programs for the working poor and the middle class. It was burden-shirking, not burden-sharing.

In sum, our opponents' plan was a rerun of the same old trickle-down economics we tried in the 1980's. We've all seen that movie before. They said, "It's spending, stupid." But when they had their chance, when our budget was before the Senate Finance Committee, the Republicans on the committee did not offer one red cent in specific spending cuts.

Someone once said that the truth is like a torch that glows in the fog. Well, I want that torch to burn brightly, to burn away all the fog that's surrounded the debate on this economic program and let the real picture of positive change for America shine through. Make no mistake about it, we're on the verge of doing something historic for our country.

It'll be a challenge, but we always welcome a challenge.

This week, on the 24th anniversary of the first walk by an American on the Moon, we should remember the challenge laid down by President Kennedy. He said, and I quote, "We choose to go to the Moon and to do other things not because they're easy but because they're hard, because the challenges are ones we are willing to accept, unwilling to postpone, and ones we intend to win."

We should be willing to accept this challenge, unwilling to postpone it, and let's intend to win.

Thanks for listening, and God bless you all.

NOTE: The address was recorded at 8 p.m. on July 22 in the Oval Office at the White House for broadcast at 10:06 a.m. on July 24.

Remarks to the American Legion Boys Nation

July 24, 1993

The President. I told the Vice President what I was about to do, and he wanted to come out and say hello to you. But he has another meeting; he's trying to pass our economic plan, so he has to go. He just wanted to say hello. So I'm going to let him come up here and say a few words to you, so he can go back to work while I have a good time with you.

The Vice President. Thanks very much. I know this is a very exciting day for all of you. And I want to wish you well. And if there is anyone here who had in the back of his mind any notion at all of going into public service or politics, I only have one word of advice. If you can manage somehow to get a picture of you shaking hands with President Clinton here today, it might come in handy later on. [Laughter]

The President. Thank you very much, and welcome. I want to acknowledge the presence here of the national commander of the American Legion, Roger Munson; and the national chaplain, James Wagner; the executive director, John Sommer; and the director of activities, Jack Mercier, who was at Boys

Nation 30 years ago when I was here—he started I think 31 years ago; George Blume, the legislative director; and a number of people here from my time of involvement, including one Member of Congress, a Republican from Minnesota, Congressman Jim Ramstad. Where are you? Stand up there. I think all of you know that we're also having a 30-year reunion here this weekend, those of us who were here with me. And the organizer of that was Judge Pete Johnson from Alabama. Pete, where are you? Stand up over there. Gary Sammons, the chair of the National Americanism Commission, is here, the policymaking body that oversees Boys Nation. He was a Michigan Boys Stater in 1963. And I'm just curious. Would all the people who are here from our reunion class of '63 please stand up. See, they look pretty good, don't they? None the worse for wear. *[Applause]* Thank you.

Let me say to all of them, we're going to have this ceremony, I'm going to take pictures with the young men who are here as delegates, and then afterward I hope all of you here for the reunion will hang around a little and we'll have a chance to visit, too.

For those of you who are here, I say welcome, and those of you who were here 30 years ago, I say welcome back. All of us share a common bond. We owe a great deal of gratitude to the American Legion for the exceptional chance they have given us and so many others over the last many, many years to learn so much about the responsibilities as well as the rights we have as American citizens.

Three decades to the day have passed since my group and I were here in the Rose Garden to meet President Kennedy. But I think that all of us probably remember exactly how we felt then. It was a very different time for America. There was virtually no cynicism. None of us had any doubt that our country could solve its problems, meet its challenges, bridge its gaps. Nor did we have any doubt that our President, our Congress, the people whom we elected, could faithfully and fully represent us in meeting the great challenges of that day.

One of the most important moments at Boys Nation is the debate about resolutions. And 30 years ago when we were here, believe it or not, we always assumed that President

Kennedy would be running for reelection, that Senator Goldwater would probably be his opponent, although there was a lot of turmoil within the Republican Party at that time about who the nominee would be, and that the great issue would be civil rights. Our Boys Nation group passed a resolution against racial discrimination. Many of us had grown up in segregated societies. We understood the pain, the cost, the incredible waste in human potential that that had caused. And so we voted for it.

I was very proud to be one of the southerners that voted for it, and I think that two others that I remember were my two colleagues from Louisiana. I think they're both here today, and they both voted for it. I remember clearly the discussions we had late at night in the dorms discussing it.

The Nation's Governors had just met that week, and they broke up their resolution conference so they wouldn't have to deal with civil rights. So when we showed up here, President Kennedy said that we had shown more initiative than the Nation's Governors. Now, we loved it, but the Governors didn't like it very much. And it got him in a lot of hot water with them.

Sixteen weeks later, President Kennedy was taken from us before he was able to fulfill his commitments in civil rights. But when President Johnson and the civil rights movement carried it through, it was the greatest domestic achievement of my lifetime, and it helped to make possible so many good things for so many people over the last 30 years, even though, to be sure, the work is nowhere near over.

Most of you now attending Boys Nation were born in 1976, the bicentennial year of our independence. And you will live your entire lives in the third century of America's life. I think about that often because my daughter will soon be your age, and everything that we are working on that really matters is designed as much to help you and your tomorrows as to improve the lives of Americans today.

We have a covenant with you which requires us to make some very tough choices. We have some of the same problems we had in 1963 but some very different ones as well. From the time we became a nation until

1980, we had amassed over that entire life of this country a national debt of only \$1 trillion. As a percentage of our income, it seemed to be quite manageable, and we were still free to invest in those things we ought to invest in. In the last 12 years, partly because of misguided policies, partly because of gridlock, partly because of people trying to outbid one another, we have gone from \$1 trillion to \$4 trillion in national debt. The estimated annual deficit when I took office was well over \$300 billion, although we've gotten it down some this year. And clearly, we have unmet needs that we don't have the money to invest in.

As compared with many other nations, just for example, we spend too little money on new technologies for the 21st century which will shape the jobs that you and your colleagues will have. We spend too little money on the continued education and training of our work force. We have all kinds of other challenges occasioned by the build-down of the reduction in defense spending. We owe it to the people who worked hard to help us win the cold war not to leave them out in the cold, and yet we don't have all the funds we need to spend on that. And yet, we have this enormous debt. It is a terrible dilemma for this country.

We have whole sections of America where unemployment is too high and poverty is too high and the major source of income is drugs and the major organizations that work in society are gangs. We have to change all that. But we have to also free ourselves economically of the paralysis that this enormous annual deficit and the accumulated debt impose. And so we are trying to do that here for you as well as for your parents and your grandparents.

In your lifetime, communism, the great threat of my childhood, has been defeated. I can still remember going to high school assemblies and junior high school assemblies and sitting there being given instructions about how to find the nearest bomb shelter and what we would do if a nuclear war occurred. I can still remember hearing people speak about what communism was like in the Soviet Union and how there would be a life-long struggle between the forces of freedom and the forces of communism. Well, in 1989

when the Berlin Wall fell, it was a stunning reaffirmation of America's commitment to freedom and democracy and to free market economics and the right of individuals to seek their own way as long as they didn't hurt their communities. That is an incredible achievement. In all probability, you will be able to raise your children without any threat of the annihilation of this society or this globe on which we live.

On the other hand, as we have learned from every source of wisdom beginning with the Scriptures, there will never be an end to problems, never be an end to challenges. It is part of human nature that as new opportunities develop, new problems do, too. We have to do something about our debt here. We have to invest. We have to compete. We have to create opportunities for your future. We also have to recognize that the world remains a dangerous place, and there are people running governments who desperately want to develop weapons of mass destruction and have very little concern what is done in retaliation to their own citizens. That is a deeply troubling thing. We still face the threat of terrorism from people who honestly believe that the best way to achieve their political objectives is to kill, even if they kill innocent people. And we still have the terrible, terrible burden of knowing that in spite of all the progress we have made, there are millions of Americans who do not have the chance to grow up to live to their God-given potential. And until that happens, we will never be as secure, as strong, as full as we need to be.

We are trying, among other things in this administration, to make people believe again that their collective efforts can make a difference. Until the American people can overcome their cynicism and believe that if they act, it can matter, it is going to be very difficult for us to solve the problems of this country. I believe that every Member of Congress, without regard to party, would admit that the National Government has a responsibility to set up a framework within which opportunity can be seized, but that many of our problems have to be dealt with person to person, family to family, school to school, job to job, community to community, at the grassroots level. We have to create a climate

in which people are challenged to take responsibility for themselves, their families, and their communities; given as many opportunities to do so as possible. But the nature of the problems we have today require the concerted action of millions of Americans.

The good news about that is that all of you can make a difference. That's why I have worked so hard since becoming President to create this program of national service, which would open the doors of college education on better terms to millions of Americans and then give hundreds of thousands of them—hundreds of thousands of people like you, I hope—the opportunity to pay all or a portion of their college loans back with work for their country, in their communities or in other communities here at home, rebuilding America from the grassroots up and doing it either before, during, or after college. This national service program can make a fundamental difference to the way we view ourselves and our country. It can make more and more people have the same kind of enthusiasm I saw on your face when the Vice President and I walked in here today. We know you're connected to America. We need to connect everyone else to America, as well.

Right now there's a little bit of political maneuvering going on in the Congress about national service. It's sad to me because we have good Republican and Democratic support for this bill. And I earnestly hope that this whole idea will be saved from becoming a political football. It is too important to America. It has nothing to do with partisan politics and everything to do with giving people a chance to serve their country and, in so doing, to help to build a belief in their country again.

People my age remember President Kennedy starting the Peace Corps. Our fathers and mothers remember when President Roosevelt launched the Civilian Conservation Corps during the Great Depression and gave people a chance to build their way out of that depression. In my State I could take you to community after community after community where there are still CCC projects that older people today point to with pride, their hearts swelling, because they, with their own hands, at a time when 25 percent of the American people were unemployed, were

given a chance to rebuild their country. We just had a big reunion out in California of the Peace Corps volunteers, and I have named a former Peace Corps volunteer to be the first ex-Peace Corps person to run the Peace Corps. They are swelling with pride to this day for what they did 25 and 30 years ago. And so it will be with national service if we can do it.

I want to say one last thing to all of you. Thomas Jefferson, whose memorial is right back over there and was built 50 years ago this year, was fond of saying that the Earth belongs to the living in trust; that all of us have to balance our lives between doing what is good for us today and what is good for our country, our families, our friends, and our children and grandchildren tomorrow. That means that for all the opportunities you will have, and you young men will have more than most Americans, you have an immense responsibility to give something back to your country. One day you will understand that even more clearly than you do today, although I wish that Americans twice your age understood it as well as you clearly do at this moment.

Regardless of what you do, remember this: It is not enough in life to have feelings. It is not enough in life to have convictions. You must act on them. You must act on them. You must move. You must do. You must make things happen. That is surely the ultimate lesson of Boys State and Boys Nation. We were given a system by the Founding Fathers which permitted people in every generation of Americans to the end of time to join together and to act, to deal with the challenges, seize the opportunities, and beat back the problems of the day. That is the legacy that you have been given. And that is the responsibility that you must assume.

I can tell you that, to me, it seems only yesterday that I was your age, standing here. It doesn't take long to live a life. But it can be very rewarding if you have convictions, if you believe in your feelings, and if you act.

I wish you well, and God bless you. *[Applause]* Thank you. Thank you. Thank you very much.

I'd like now to ask Roger Munson to come forward, and ask the rest of you to sit down. It won't be much longer. I know it's hot out

here. When Girls Nation was here a couple of days ago, it wasn't so warm. But it's still a nice day.

[At this point, Arkansas delegates Traftin Thompson and James Welch presented the President with a 1963 photograph of himself with President Kennedy.]

I think now we're going to take the pictures over here. Is that right? No, we're going to do—we've done that. Oh, they're coming to speak? One of the things that happens to you when you become President is you sometimes don't get good instructions. *[Laughter]* Then you just have to fall on the sword.

Who am I supposed to introduce? Pete, are you coming up here? And Jeff Keyes, is he here? Come on.

Let me say, I saw Pete again during the course of the Presidential campaign. And until that happened, I had one Boys Nation person who went to Georgetown with me who was in my class; the two guys from Louisiana, one who went to Georgetown with me, one who went to law school with me, those two guys I had stayed in close touch with; and one other person who was a delegate from Virginia who I stayed in touch with over the years. Now, when I ran for President, I met so many of them again.

And I wanted to make one other point. It wasn't in my notes, but I'd be remiss if I didn't. It is a very great thing to be given the chance to serve this country as President. But it is a very great mistake to think that that is the thing that counts the most in America. The thing that counts the most in America is the contributions that are made by all Americans who work hard, play by the rules, raise their children well, make their communities stronger. And I was so terribly impressed by learning about the life stories of the other people with whom I was here, the struggles that they'd had, the tragedies they'd faced, the triumphs that they had created. And I want you to remember that, too. Each of you has to serve, and each of you can serve, and each of you can make a difference. And the collective efforts we make are far more important than the individual achievements of any person.

NOTE: The President spoke at 11:11 a.m. in the Rose Garden at the White House. Following his

remarks, 1963 Boys Nation delegate Jeff Keyes presented him with a plaque and a second photograph with President Kennedy. A tape was not available for verification of the content of these remarks.

Remarks to the Conference on the Future of the American Workplace in Chicago, Illinois

July 26, 1993

The President. Thank you very much. Senator Simon, Senator Moseley-Braun, Mayor Daley, President Gross, and my friends and colleagues Secretaries Brown and Reich, and to all of you in the audience, my old colleague Governor Caperton and the distinguished business and labor leaders from all across America.

This has already been a little bit of fun for me. I never thought I'd see Carol Moseley-Braun blush. *[Laughter]* But I will say this: You can call me anything you want as long as you don't take out after me like you did Jesse Helms the other day. *[Laughter]*

I want to say a special word of appreciation to Mayor Daley for talking about the Chicago Laboratory for Change, because it really is sort of symbolic of what we're trying to do all across the country, the kind of partnership between government and business and labor and social service agencies to try to put low income people into the work force, into independence, and away from dependence. And I'm very excited about that.

I talked to President Gross before we came in about the history of Roosevelt University, a very appropriate place to be co-sponsoring this event. I'd also be remiss if I didn't thank Adele Simmons, the president of McArthur Foundation, for that foundation's support for this conference and the Joyce Foundation for supporting the conference. I'd like to acknowledge in the audience—I believe she's here—the Reverend Willie Barrow, the chairwoman of Operation Push. They held a conference on economic empowerment this week here, and I want to talk a little more about that later, but until we find a way to reward the working poor

and to move people from welfare to work and to make it attractive for people to invest in distressed areas of this country, our economic recovery is going to be limited. Finally, let me say a special word of appreciation to Secretaries Brown and Reich for their work on this conference.

And there's one group of American workers I really want to acknowledge today. This is the third anniversary of one of our most important civil rights laws, the Americans with Disabilities Act. For more than 40 million people, this law is clearing the barriers to full participation in American life, making real the whole pledge that we often say that we don't have a person to waste. This morning in Washington I ran a 5K race with a group of astonishingly able disabled Americans: two who raced in their chairs who had raced all over the world; one marathon runner who happened to be blind; one woman who had MS and made a terrific race around the 5K track, kept the pace all the way; one amputee who had once run a 62-mile race in one day on a prosthesis and today made the 5K around on his crutches just to prove he could do that, too. The kinds of achievements that these people have demonstrated athletically are demonstrated even more profoundly in the work force every day. We need them, and I am proud of that law.

I am glad to be here in Chicago to discuss this subject today—the city that works, the city of big shoulders, all that. You need to know why I'm glad to be here, because in a very real way, I would not be here as President if it weren't for Chicago. And the economic forces that bring us here to discuss this subject today help to explain that.

I was once at a meeting here in 1988 over at the South Shore Development Bank, and I discovered that three city councilmen, two or three Democratic ward chairs, and a significant portion of the business community in this city came from Arkansas, and it was no accident. If you've ever read Al Hawkis—you ought to read John Johnson's autobiography here, which might be subtitled, "How I Escaped the Abject Poverty of Arkansas City and Came to Chicago and Became a Big Cheese." [Laughter] It is a story that has millions of replications: people in the South who couldn't make a living in the Great De-

pression leaving in massive numbers from the farms and small towns; coming to Chicago, coming to Detroit; finding a way to get into the factories or start a business, at the least; becoming middle class Americans; earning a decent wage with a rising paycheck and a good retirement and health care benefits and enough to buy a home and take a vacation and send your kids to college.

It was the American dream. And when I began running for President I found myself deluged with people in Chicago who had roots in my hometown, in my home State. We had two delegates here, two who were born in the same little town in Arkansas that my Chief of Staff and I were born in, in the Chicago delegation. There's a whole town in Michigan where 90 percent of the people who live in this little town were born in my State. They all came looking for a different life. And that's what basically worked for us. Then eventually, the industrialization which bloomed first here spread back to the South.

In the year I was born, my home State's per capita income was only 56 percent of the national average. Mississippi's was only 48 percent. The postwar economic boom of America by the late seventies had taken the entire South to about 87 percent of the national average in per capita income. And it was projected that the region would equal or exceed the national average of per capita income by the turn of the century. But then the economic slowdown of the last 20 years hit everywhere and hit those who were less well-educated, more rural, less able to compete in the global economy, even harder.

And I say that's what's important to bring us here today because I got to this job by being a Governor for 12 years in a State where I focused almost exclusively on the subjects and the triumphs and the tribulations that will be discussed here today, on jobs and education and partnerships and productivity. And when I became Governor for my second term in 1983, my State's unemployment rate was almost 3 points higher than the national average. In every month but one until 1992, we were above the national average in unemployment. Then in 1992, we were first or second in job creation. And in 1993, the State enjoys an unemploy-

ment rate that I think is still too high but is well below the national average.

The point I want to make is this: The issues we are discussing today in terms of the big, sweeping developments in America have been of at least 20 years in building. The policies we need to change have been in place for a good long while nationally. You know what works in the workplace. You know that partnership works. You know that investment in new technology works. You know that flexibility works. You know that being competitive works. You know that treating people like assets instead of something that is expendable is very important. We need to figure out how to write that large in national policy and then be better partners with you in what you do.

And one of the things that I understand very clearly because I have been a Governor is that nothing I do as President can be fully successful unless it makes sense and works with what all of you are doing. And what I want to talk to you about today is how we can be better partners and what we can do to meet the challenges of this time, because it's much more complex than it was after the Great Depression and after the Second War, when people at least, even though it pained them to do so, could leave their little farms in Texas and Arkansas and Alabama and Mississippi and come to Chicago or come to Detroit or go to Pittsburgh or go out to California, and know they could get a job and hope that when they retire they could come home.

Now the whole country is caught up in a global economy which, to be sure, is always affecting different States and communities in different ways, but essentially has some broad, sweeping characterizations that we have to work to reverse. And to make it more complicated, all over the world the wealthiest countries are having many of the same problems we are. I just returned from Tokyo from a meeting of the great industrial powers of the world. And we find that all of them are having trouble promoting economic growth, all of them are having trouble generating new jobs, and in the 1980's, all of them found an increase in inequality of income and greater difficulty in creating new jobs, even when their economies were growing. So that it is clear that we are dealing with a very com-

plicated issue and that no one has all the answers.

Still it is clear that some things have to be faced. We know that every nation competes in a global marketplace where money management and technology are increasingly mobile. We know that increased productivity and new technologies often mean that more output can be produced with fewer people and that not always now, as was in the case for the last four decades—when that happened before, it was always new and different jobs waiting for those people, so that technology was always a winner. Productivity was always a winner. It always was a net expansionary force. We've always had changes. People have always been moving in and out of jobs. No one can freeze-frame any form of human work and make sure it will always be there in just that way forever. But we know now that for the last 20 years we have seen a steady erosion of the security of average middle class people who work hard and play by the rules, because we have not been able to make the adjustments necessary in this new and different global economy.

We know that we can only meet the challenge if we begin with a very basic fact, the one that you are here to celebrate today and to elucidate: The most precious asset any nation has is the people who live there and that as long as the people who live there are willing to do what it takes to learn more, to do better, to be smarter, to stay ahead of the curve, there are going to be opportunities. We also know that most jobs in every society now are going to be created by the private sector and by what people do or do not do to be more productive, to reach out to new markets, to develop new products and services. And the third thing we know is that Government policy makes a difference at home and abroad. It does make a difference.

For more than two centuries our country has built prosperity by investing in our people and our technology and our future. We have, in other words, followed the policy that I have called putting people first. We invested in our skills through a public school system, through the land grant colleges, through expanding opportunities through the GI bill after the war, our investments in canals and in railroads and highway systems

and mass transit, all of these things have helped to make us more productive. We've developed cutting-edge technologies through national defense; through the space program; and to a lesser extent in the past, but it must be more in the future, toward civilian partnerships for new technologies.

But for 20 years we still have seen most Americans working harder for less money. And we have not developed an adequate response to the new global economy. For at least a dozen years, our country has pursued policies that are popular in the short run but very limiting in the long run. We have, to be popular in the short run, reduced taxes and increased the deficit in a way that has taken our national debt in 12 years from \$1 to \$4 trillion and our annual deficit from about \$73 to a projected \$311 when I took office.

At the same time, we have miraculously managed to reduce our national investment in the education skills and technology that our people need to grow in the future, a mathematical sleight of hand that is almost inconceivable when I tell people about it, but it's true. Why? Because we keep spending more on the same health care and more on interest on the debt. So that the people you think of in Washington as being to blame for big spending and big deficits because they're spending more on programs are, in fact, by and large, spending less on programs that would help you to do your job better. But because there has not been a disciplined effort to bring down the deficit, a disciplined effort to bring health care costs in line with inflation, which would bring interest rates down there and then reduce what we have to spend servicing the debt, we are actually spending more and getting less for it, the worst of all worlds.

This has continued the downward pressure on wages and job growth. And every working family in America has felt its impact. Between 1972 and 1992, while the work year got longer for Americans, average hourly wages actually dropped by 10 percent. The 75 percent of our workers who don't have 4-year college degrees felt it most profoundly. For those who began but didn't complete college, wages fell 10 percent from 1979 through 1991; for those who didn't go

on to college, wages fell 17 percent; for those who left high school, wages dropped 24 percent.

It is, of course, perhaps enough to say to explain this, that as we move into a global economy where what you earn depends on what you can learn, many of those people could not command more in a global labor marketplace. But that is an insufficient response if you want to keep the American dream alive, you want to keep the morale and the spirit of America moving forward, and those of you who are employers want to be in a workplace where people are productive because they are happy and constructive and an important part of a team. In other words, it is not enough just to say that we're in this terribly difficult period that it took 20 years to build and that no one knows exactly what caused it. We simply cannot go gently into a good night of limited economic expectations, slow growth, no growth in living standards, and a lesser future for our children. It is not the American way.

We know that it may take us a good deal of time to work out of this, and we know there may be no simple answers or silver bullets, but we have got to do better at building a future for ourselves. Of course, we have a rare opportunity to do it because the cold war is over; because democracy and free markets are in favor and flower throughout the world; because a global economy creates opportunities as well as challenges and hazards for us because there are new things which have to be done. We have to find a way, for example, to make money out of the global environmental crisis and make jobs out of it, and I believe we can. And in many ways, the challenges we face today are ready-made for Americans, with our love of learning, our proven genius at innovation, our far greater flexibility than any of our competitors, and our capacity for communicating with people among different cultures. After all, we have at least one county in this country with people from 150 different racial and ethnic groups. It need not be a weakness; it can be an enormous asset for us as we move into a global society.

But we know we have to stop doing some things and to start doing some other things. Put simply, we have to stop borrowing so

much from our future and start investing more to build it again. We need fundamental changes, and we have to do a lot of things at once. And therefore, our administration is trying to do a number of things in a short time: to reduce the deficit, to improve education through our schools, through opening the doors of college, through reforming the system by which we support those of you who want to train your own workers. We need to reward work and reform welfare. We cannot continue to spend 30 percent more than any other country in the world of our income on health care.

Many of you today here work in companies or represent workers who do not have jobs who would have jobs if we simply had been able for the last 12 years to keep health care costs in line with inflation plus population growth. Many of you do. So all these things are related. When people say to me, well, you know, why don't you just reduce the deficit and forget about the rest of it? I'll tell you why. Because 5 years from now, no matter who does what with the deficit, it goes up again if you don't bring health costs in line with inflation plus population growth. They say, well, why don't you just not spend a nickel on anything? I'll tell you why. Because look at California if you want to see the consequences of 6 long years of cutting the defense budget and letting the people who won the cold war go out in the cold and giving no thought to what we're going to do with the scientific and technological base and the workers there and whether there is not some new partnership that would give them something to do.

So we have to do things in order, and we have to begin by bringing the deficit down and putting our financial house in order. But we also have to think anew. All these partnerships you've got going in your businesses, if somebody came to work one day and said, "OK, we're going to forget about these 12 things and just do this one," a lot of you would go broke if you did that. You do not have the luxury of ignoring some problems if you have the means at all to deal with them. And I would argue that we don't either. But there needs to be one overriding purpose for this country, and that is returning us to a path in which we can build a high-skill, high-

wage, high-growth society in which people who work hard and play by the rules will be rewarded with decent work and an opportunity to raise a strong family in a safe neighborhood.

Let me say very briefly that the essentials of the economic plan that the Congress is wrestling with—and I mean that literally, "wrestling with." I feel since I'm here in Chicago I have to say this. Chairman Rostenkowski and Senator Moynihan from New York are obviously the lead conferees on our budget, and they're working through some very difficult and complex issues today, and I compliment them for their enormous labors and for what they're doing. But the elements of the plan are clear: We want to bring the deficit down by \$500 billion over 5 years. We want to make at least as many cuts as we raise taxes, if not more. There are 200 cuts with more than \$250 billion in them if the Congress will adopt them. We want to restore some fairness to hard-working middle class families, and we want to reward work over welfare.

For every \$10 in the plan I presented to the Congress, and this is true in both the House and Senate version, \$5 comes from spending cuts, \$4 from new revenues from people in the upper 6 percent of earning brackets, \$1 from the middle class. Families with incomes under \$30,000 are held harmless. The working poor for the first time are lifted out of poverty by not taxing them into poverty if they work hard. This is a very big deal in America. Eighteen percent of the people who work full-time in this country are living below the Federal poverty line. It is hard to lecture people, to say, "Well, don't be on welfare; go to work," if you don't reward work. That is something the Government can do that I think all Americans should support.

Now, I want to say something else today, because we're celebrating partnerships here. The tax part of this program does not impose 70 percent of its burden on people with incomes above \$200,000 to soak the rich or promote class warfare. I want to reward success. The tax burden is the way it is because we seek to reverse what happened in the 1980's, where taxes went up on the middle class and down on the wealthiest Americans.

Payroll taxes went up, and the Government shoved more and more off on the State and local government, and almost all the revenues they adopted hit the middle class disproportionately. This has nothing to do with class warfare. It has to do with opportunity and fairness. And I think it will rebuild a sense of teamwork and a spirit of partnership and cooperation.

I also want to point out that if we can continue to bring this deficit down, you will see the continuation of the last 5 months of a big drop in long-term interest rates, which is causing millions of people to refinance their home loans or their business loans or take out other forms of credit in ways that will save them far more money than they will pay in new revenues. If we can keep interest rates down for over a year at this level, it is estimated from a low side of \$50 to a high side of \$100 billion will be released to be reinvested back into this economy to jumpstart the economy again. I think it is terribly important.

The second element of this plan, in addition to deficit reduction, is incentives for people and companies to invest more. That is, nothing would please me more than if people who would be pushed in the higher income brackets by this plan would lower their tax burden by turning around and reinvesting the money in creating jobs here at home. And this plan gives the opportunity to do that. We double the small business expensing provision. We have a new business capital gains that anybody that invests in a company capitalized at \$50 million or less and holds the investment for 5 years or more will cut their tax burden in half. We extend the research and development tax credit. We do some other things to revitalize the home building industry and the real estate sectors of our economy. All these things will give opportunities for people who have funds to invest and to create jobs as they do. I think that is very important.

I want to say I'm very grateful for the fact that at least 50 of the 100 biggest companies in the country have endorsed this program, partly because the changes in the alternative minimum tax lets them invest in new plant and equipment, to mitigate the impact of the taxes, and to create more jobs and productiv-

ity. I'm grateful for the support we've received from the high-tech community, and I'm grateful that finally we're getting out the facts that 90 percent plus, that's right, over 90 percent of the small businesses in America actually get a tax cut under this plan if they simply invest more money in their business because the expensing provision has been doubled, and their income taxes don't go up, something that you haven't been reading a lot about in the press. But it is true, and I am glad to see it coming out. And it's very important, because most of our jobs are created by smaller firms, and that needs to be emphasized.

The third element of this plan is investments to empower people to compete and win. Every child born in this country should be able to grow up to be successful. But you and I know that we have a far higher percentage of people living in unhealthy, disadvantageous environments than most of our wealthy competitors. We have proof; we have evidence. No one disputes it that if you invest in child nutrition, immunization, and preschool education, and they're good programs, the programs pay for themselves many times over: The taxpayers win, productivity goes up, and you have people who can learn when they get into school. So yes, we do spend some more money on that. We also have a program of modest cost but enormous impact called Goals 2000 coming out of the Department of Education, designed to set national standards by which all schools and students can be evaluated. And that is important in a global economy. And we have, as has already been said by Senator Simon and others, a really ambitious and I think quite wonderful program to open the doors of college education to all Americans by lowering the costs of loans, making their terms of repayments better, and giving thousands of them the opportunity to pay back their college loans through service to their communities, rebuilding them. And I might say some of those young people in our experimental program for the summer have helped people to try to deal with the aftermath of this terrible flood in the Midwest. That is just one example of what we can do if we have the right kind of incentives.

Finally, we very much want to create a program of training for people who don't get 4-year college degrees, that merge the partnership and efforts of the private sector, the education system, and the Government. Everybody in this country who doesn't go on to a 4-year college needs to finish high school and get at least 2 years of further training, either in a school, on the workplace, or in the service. Everybody. All the demographic figures are clear now from the '90 census. All the people in this country who have high school plus 2 years, if it's good, are highly likely to get jobs with growing incomes. Those who have less are highly likely to get jobs with shrinking incomes. You know, you don't have to be Einstein to figure out we should do what is likely to give people jobs with growing incomes and that, in the aggregate, it's better for you in the workplace and better for the country as a whole. So we're trying to do that.

And lastly, let me say, we've got to provide markets for all these people's labor in products or services. We simply have to continue to expand the frontiers of the global economy. A wealthy country cannot grow richer unless there is a higher rate of global growth. We cannot do it by simply drawing within. And perhaps the most important thing that happened at the G-7 meeting in Tokyo was that the seven industrial powers agreed among themselves to a dramatic reduction, in many cases, to outright elimination of tariffs, that every analyst says will dramatically increase the number of manufacturing jobs in the United States of America between now and the end of the decade if we, the larger countries, can get the other countries to agree to it by the end of the year in a world trade agreement. No analyst has disputed this. It has the potential of being the most important thing we've done in a long time to revitalize manufacturing in America. And of course, when you rebuild manufacturing, you get more service jobs, you get a lot of other support jobs. It is very, very important.

Let me also say that I think it's important that we not forget about the Americans who are working hard and are struggling along. I mentioned this earlier. The most revolutionary social aspect of this economic plan is that instead of spending a lot of money

to hire people to work for the Government to go out and help people who are in trouble, we invest a lot of money in this program in lowering the taxes of people who work 40 hours a week and are still in poverty. What better thing could we do to reward work and family than to be able to say for the first time that in this country if you work 40 hours a week and you've got a child in your house, you're going to be lifted out of poverty, not by something the Government does but by your own labor. We'll just change the tax system to take you out of poverty. It is a profoundly significant thing, and it should not be watered down in this conference. We ought to do enough to be able to say that to all Americans.

Let me just say that the one thing that's happened in the last 4½, 5 months is that interest rates have started coming down as it became serious that we were trying to bring the deficit down. And there has been a beginning of reinvestment. A lot of that is coming out of the private sector. Last year, in the last quarter, we had the biggest increase in productivity in 20 years in America, thanks to a lot of you in this room. Those two things together mean that in this economy we have seen in the first part of the year about 150,000 new private sector jobs a month being created—that is as compared with 20,000 a month in the previous 4 years—so that we are moving in the right direction. But that's all we're doing, is moving in the right direction. That is nowhere near enough, and there is still a great cloud of uncertainty out there.

So I think today we need to have three challenges. One is, the Government needs to pass this budget and get on with the rest of the business. Hanging out there, debating it, dragging it out for weeks and weeks, will only make it worse. There comes a time when delay to get a slightly better decision is worse than action to get a pretty good decision. We have reached that time. We don't need to do that. We've got other things to do. And you need to know what the rules are going to be, what the deal is, and we need to go on with our lives.

The second challenge is to you in business. If we can get the cost of capital low, if we are doing our part, then the savings must be

used to put more people first, to create jobs, to train employees, not just the executives but the workers as well, to have other companies in this country learn from those of you in this room that you can grow and prosper by treating workers like indispensable partners. Companies like Motorola outside Chicago, which Secretary Brown visited recently, and L. S. Electro Galvanizing in Cleveland, which Secretary Reich visited recently, and all the many that I have had the privilege to visit over the last several years can show that.

And the challenge to labor is clearly the same thing. This is an opportunity we have to seize. There is no way we can ever see wages grow and jobs increase in this country again unless there is an emphasis on education and training, flexibility in the workplace, partnership and responsibility by everybody for improving quality. But if the labor people do it, then Government ought to do right by them and by business, and business should do right by their workers. There is no easy answer here, but we all know, I think, that if we treat each other better we're going to come out ahead, and that insofar as we drive up unemployment and run people off, we also diminish the number of customers with money in their pockets to make the American economy go. We are truly in this together.

Now, let me just say one more word about this. I don't think the fight in Washington should be about Republicans and Democrats. I think most of the arguments we have to have are about issues that don't have an easy partisan tent. The world is a very different place than it was when most of the party lines were drawn 10 and 20 and 30 years ago. This really is about growth against gridlock, decision against delay, change against the status quo. And you have got to demand that we do something.

I mean, you know, this gridlock thing is amazing. Let me just give you an example of how bad it gets sometimes with Congress. I had my nominee for Surgeon General up there in the Congress—Senator Braun was sitting with her; I appreciated that—a woman that grew up in a cotton field in Arkansas. Her brothers and sisters put her through medical school. And maybe there were peo-

ple who don't agree with her and didn't want to vote for her, but through some parliamentary maneuver, they tried to put off the whole hearing. The country needs a Surgeon General. Thanks to Senator Kennedy, the chairman of the committee, they went back and had the hearing. He told them they were going to stay there 'til kingdom come, 'til they finished. But if somebody wants to vote against her, let them vote. But let's get on with it.

Let me give you another example. There is now a filibuster in the Senate against the national service plan. We have worked our hearts out with the Republicans and the Democrats. We have lots of Republican cosponsors in the House and a few in the Senate. They just want to delay it. Why? Why shouldn't we send a signal to America's young people that we want you to work in your community to make it a better place? Why shouldn't we say we want to open the doors of college education to everybody? Look at the figures from the '90 census.

Last week there was even a filibuster or a delay in the House against flood assistance to Illinois and to Iowa and to Kansas and South Dakota and North Dakota and Minnesota and Missouri. Why? Got me. There is ample precedent for emergency action here. We do not need to raise a tax to pay for flood relief; because interest rates have come down, the deficit is already going to be much lower this year than anybody thought it was. And here are these people out here up to their ears in tragedy, wondering when Congress is going to get around to passing the flood relief. There is a point at which we need to learn what we're talking to you about. We need to work together and make decisions.

How many of you could stay in business if either management or labor said when you started a new path, "Well, I think I'm going to call a filibuster and wait 3 or 4 weeks to make up my mind whether to do this?" Your bills still come in. You still have to pay the payroll. Let's vote. I don't have to win them all, but let's make decisions. This institutionalized delay and gridlock is bad for America.

In just a couple of weeks——

Q. How can you talk about a Democratically controlled Congress? The Democrats have controlled Congress—talk about gridlock. Why don't you take leadership?

The President. Now, wait a minute. Whoa!

Q. You're the one that talks about——

The President. Do you want me to answer the question?

Q. Yes. You're the one——

The President. Wait, wait, wait, wait, wait. Most people, sir—no, wait a minute. Are you going to let me answer the question?

Q. ——Congress and you won't——

Audience members. Quiet!

The President. Are you going to let me answer the question? This is not your meeting, sir. And most people have better manners than to interrupt somebody giving a speech. I might say that's another thing that's wrong with this country, there's not enough civility in how we treat one another.

But the answer to your question, which is good Civics 101, is that the Democrats do not control the Congress when 41 Republicans want to vote to keep anything from being voted on in the Senate. That is the answer. They do not. The filibuster rule means you have to have 60 votes to bring anything to a vote except for this budget. Everything else requires 60 votes. But it's not a party deal, it's a question of whether we should make decisions. I say, if they want to vote against me, fine; let's make a decision and go on to something else. Let's just move. I think that's the issue.

Let me just say one last thing. I believe that this works. I came here basically to highlight what you're doing and to support it and to ask you to tell me what I can do to help it be better at the national level. But in the end, if this kind of attitude that you are here to celebrate, this whole new idea of a partnership for productivity and leaving behind all the sort of labeling that has shackled us for too long, if this doesn't take over the private sector, nothing the President can do can revitalize America. You have to carry it. And I believe you will.

Thank you, and God bless you all.

NOTE: The President spoke at 1:15 p.m. at the Sheraton Chicago Hotel.

Remarks in a Conference Panel Discussion in Chicago

July 26, 1993

Once again, let me say how delighted I am to be here and to see all of you here and how pleased I am to see the Secretaries of Labor and Commerce working together. We're trying to build some teamworks in our Cabinet that have not historically been there. And I think that this is a good example.

I understand that this morning's panels were quite interesting, and I got a play-by-play description for a few moments when we were taking a break in there. So far you have focused on what we mean by the new American workplace and the problems and barriers that companies and workers must struggle with in redesigning their organizations.

I, frankly, am learning how hard this can be myself, because we have a very serious project underway now in the Federal Government in trying to reinvent the Federal Government. The project is headed by the Vice President. We have sought out the opinions of a number of people in this room that I recognize here today. But I think that next month—or, excuse me, in September—when we announce the report of the reinventing Government task force, you will be very pleased to see that we're trying to take another page out of your book to make the Government more efficient and to work better.

Our responsibility, it seems to me, as I said in my speech, is to create the most favorable economic conditions. Sometimes that means reducing the deficit; sometimes it means specific incentives or programs; other times it means just getting out of your way and deregulating. The Government's relationship to the private sector are changing the nature of that relationship.

There are challenges that are clearly unique to the workplace, outside the realm of Government, that you have to meet by yourselves but with our encouragement and without our interference. Those are the things we're going to focus on now. The purpose of this panel is to focus on why companies and public institutions are literally reinventing themselves organizationally by asking such questions as what benefits workers receive from new workplace organiza-

tions; why unions should support these practices; how companies' bottom lines are affected; and how moving to high-performance work can help improve our Nation's economic performance. We can begin to establish high-performance workplaces as the models, the rules, if you will, for our country's new economy.

NOTE: The President spoke at 2:24 p.m. at the Sheraton Chicago Hotel.

Interview With the Indiana Media in Chicago

July 26, 1993

The President. Thank you very much. Please sit down. Sorry the conference ran a little late, but there was a lot of enthusiasm up there.

Let me just make a very brief opening statement. I want to give most of the time over to you for questions. I am doing a series of press conferences like this with representatives of the press from various States around the country, trying to do as many as I possibly can, the Vice President is doing others, to answer questions directly about the economic plan now before the Congress and any other issues that you would like to raise. It's not possible for the President, at least during the budget time, to travel the country as much as I would like to, so this gives me a chance as nearly as possible to communicate directly with the people whom you report to.

I want to emphasize just one or two things, if I might, about this economic plan. More than any other one which has been presented by any party, it reduces the deficit in a way that is fair to all the American people; that balances spending cuts and tax increases; that asks the middle class to pay a very small percentage of the overall burden in what amounts to about, at the most, \$50 a year, a little less than a dollar a week; holds working families with incomes of under \$30,000 harmless; and actually gives over 90 percent of the small businesses in the United States a chance to reduce their tax burden because they have no income tax increases. And they're given a chance to reduce their tax burden because the expensing provision

which rewards them with lower taxes if they reinvest in their businesses is doubled under this plan.

This is a plan that will promote jobs, bring the deficit down, keep interest rates down, and enable us to move ahead with our business as a country. I think it is imperative that it pass. The most important thing is the Congress needs to pass a budget and to do it quickly so we can get on to other matters and start doing the other things that need to be done to grow the American economy as well.

If there are questions, I'll be glad to take them.

Yes, sir.

Taxes on Small Business

Q. Mr. President, the majority of jobs in Indiana are from small businesses, and you indicated that also in your address at noon today—Sub S corporations. A lot of the business people we talked to are really frightened that the tax package or the budget package would increase their taxes to the point where they're afraid they're going to have to cut back, lay off people, maybe some even go out of business. What assurance can you really give Hoosier business men and women that this plan is good for them?

The President. Well, there are 7 million Subchapter S corporations in America. Of those 7 million, 400,000, or far less than 10 percent, will have any income tax increase at all under this program. All of them, if the program passes, will have the expensing provisions of the Code, that is, they'll be able to just immediately write off \$20,000 rather than \$10,000 of expensing. So I will say again, over 90 percent of the small businesses in this country will get a tax break under this program.

To those who will pay higher taxes because the income taxes on the upper 6 percent of the country are going to be raised—it will be roughly small businesses with an income above \$140,000 adjusted gross income—to them, I would say there are ways to avoid that through reinvestment, just as there are for individuals. Keep in mind, this plan also leaves the rates where they are for capital

investment, so if you reinvest in a business, your tax rates don't go up. If you invest in a new business or a small business with a capitalization of \$50 million a year or less, and you hold the investment for 5 years, your tax rates go way down under this plan.

We also extend the tax incentives for research and development, which the Republican plan did not do, so that you can take your taxes down if you do more R&D expenditures, which is what keeps the economy growing.

Another thing that we do I think is very important is to revitalize the real estate and homebuilding sectors of the economy by returning to the incentives which exist there. That's why the homebuilders and the realtors, two groups that normally are associated, frankly, more with the Republican Party than the Democratic Party, nationally are supporting this plan, because it's good for that sector of the economy—again, something not in the Republican plan.

And one final thing I would say is that we extend the tax credit for health insurance for self-employed people, something that was not done under the Senate Republican plan. So in effect, all those people would have had a tax increase if the Republican plan had passed.

So I think if you look at the small business sector—and I want to compliment the Wall Street Journal. They've run a number of stories, factual stories, in the last week which have analyzed the facts of this economic plan as against the outrageous and inaccurate attacks being made on it which sort of show this. I mean, one of the people who was testifying against our plan for some group was given the facts of her business, and she said that's not what they told me this did. And it turned out she got a tax decrease instead of a tax increase.

Economic Program

Q. Well let's talk about, Mr. President, that for a second if you could. Senator Dan Coats' office this morning is saying they admire your sophistication of going to the local media, but the facts are taxes outstrip cuts two to one in this proposal. And they point out that among Hoosier voters, even something like a cigarette tax, your friend Gov-

ernor Evan Bayh couldn't get it passed in Indiana—make the case to Hoosiers for what the Republican Senators are just calling a tax package.

The President. Well, first of all, they're wrong. They're wrong. Go back and look at what they said about the budget program they voted for in 1990, which had taxes and budget cuts in it and which had an outrageous estimate of economic growth in it, so much so that they changed their own program. They wrote it down by about a third within 60 days after passing it. I mean, the things I call tax increases and spending cuts are the same things that Ronald Reagan and George Bush and the Republicans in the Senate call tax increases, spending cuts.

They say that if they, under the budget they passed in 1992, were going to raise Medicare expenses 12 percent a year, and we cut it back to 9 percent a year, shaving \$50 billion off the deficit and now almost \$60 billion from what it would have been under their last budget, that that doesn't count as a cut. They say that it's not a cut. I think it is. They say if we reduce interest costs to the Federal deficit, which we have done, by the way, already—the deficit this year is going down because we're bringing the deficit down, because the markets have brought long-term interest rates down because they see finally there's somebody serious about bringing the deficit down—they say that doesn't count as reducing the deficit. They're playing word games. All of a sudden they've got a whole new dictionary now that they're out of power. I'm using exactly the same calculations that they used for 12 years on what increases the deficit, what reduces the deficit.

Defense Cuts

Q. Mr. President, let's talk about some jobs in Indiana that are scheduled to go out of business on your watch. The White House the other day put out a list of all the jobs that were lost under the Bush administration. The 2,800 jobs I'm referring to are at the Military Finance Center at Fort Benjamin Harrison, which as you know, was one of a number of finance centers across the country scheduled to be consolidated, this one to be closed in 1995. Indianapolis, we're told, was

one of the 20 finalists to retain those jobs and pick up some more and then one of the 5 winners. And then at the very last minute, Defense Secretary Aspin stopped the ballgame and said we're going to start the process all over again. What can you say about the fairness of changing the rules at the end of the game, and what can you say to these 2,800 workers whose lives have been on a yo-yo?

The President. First of all, the decision that was made to close those facilities was made, as you know, in the previous administration, not under my administration. Secondly, it's just not true that there were five finalists picked. I mean, at least I couldn't find it. I asked the Defense Department to tell me where we were on this issue when I became President, and they said, here are the 20 finalists. And I said, has the decision been completed? They said, no, we're still at the 20 finalists. And I said, what are the criteria? And we talked about it.

And interestingly enough, the only thing I said about it was that I felt very strongly that one of the criteria should be how badly a community or a State had been hurt by other defense cutbacks, because I was worried that those States or communities that had been hurt more by defense cutbacks might have less ability, in effect, to put up their own financial incentives to get the financial accounting centers there. That is, I didn't think that we ought to reward people who could, in effect, buy the Senators by putting up a whole lot of money up front or who couldn't afford to compete because they had lost a lot of defense jobs. And I didn't even ask them to go back and start the whole thing all over again. I just said I'd like that factored in, that I thought that was something the American people would want us to do—would want us to take account of where all these defense cuts had hurt people the worst. And so they said they would work up that, and go back and do it.

And my own impression is that the finalists from the first round are still in very, very good shape. That's at least the indication I have and that the Defense Department will be ready to make a recommendation to me pretty soon. But I did want to say that's the only role I had in it, was I was assured that

there was no decision made. They were still at 20 finalists. I asked only that the burden those communities and States had borne in the defense cutbacks since 1987 should be able to be a factor to be taken into consideration. And that was it.

Q. [*Inaudible*]*—that the list is up to 100 cities again, 100 contestants—*

The President. Well, there may be 100 who comply, but it has to be that the people who did well the first time would be in good shape to do well the second time. I was astonished that they reopened it. They seemed to think that if they changed one criteria they had to, at least in theory, reopen it.

Q. One of the concerns that people in Indiana have is that those final centers are going to be chosen based on their political connections to you. Can you guarantee that that won't happen?

The President. That won't happen. You know, during—you might say that, but let me say this: It was interesting to me that during the last election, right before the election, conveniently it was leaked by the Defense Department that the centers were going to be perhaps in this city, that city, the other city, and, quote, "someplace in Indiana," which didn't exactly sound like the most meritorious decision in the world at the time it was leaked.

So all I can tell you is I'm telling you just like it is. I asked for one thing to be taken into account. I said, "I don't think we ought to let these things get bought by communities that are already wildly successful without any consideration being given to the communities that have been hurt most economically by the defense cutbacks." That's the only thing I ever asked them to do. Yes.

Steel Industry

Q. Mr. President, a question about north-west Indiana. I noticed that the chairman of Inland Steel, Robert Darnall, was present at your conference today. And I was wondering what kind of job security you can offer steel workers, particularly those in the Gary area where over 30,000 steel jobs have been lost since the 1980's.

The President. Well, I'll tell you what I think will happen in steel. I think you're going to see a big increase in the number

of steel jobs if we have flexibility and competitiveness and if two other things happen: if we move at the national level to bring health care costs under control and if we can continue the work we're doing now to bring tariffs down in worldwide manufacturing trade.

And let me just mention those two things specifically. The most important thing for average Americans that happened at the Tokyo meeting of the G-7 was the agreement that we made among ourselves to try to drastically reduce tariffs on manufactured products and to eliminate them in whole classes of products with the view toward getting the other countries to agree to do that, because we were taking the lead by the end of the year and having a new world trade agreement. It's not like NAFTA. There's some difference of opinion, as you know, about NAFTA. And I'm for it, a lot of people aren't. But there's a difference. On the agreement we made at Tokyo everybody concedes that if we can make that a part of the world trade law, it will lead to hundreds of thousands of manufacturing jobs coming into the United States.

Meanwhile, the steel companies I think will tell you that our administration has been much more vigorous in trying to protect them from unfair trade practices from other countries than any administration in a very long time. I think every steel executive, if you called him, would tell them that, that we have worked with them. We've tried to make sure that the investments they've made and the productivity they've achieved will result in more secure jobs by giving them a fair deal.

Now, the second thing I want to say is this: steel and automobiles, among others, but they're really out there on the cutting edge, have enormous, enormous health care costs, spending often 15 percent or more of payroll on health care costs. The work that we have been doing to try to bring health costs in line with inflation and at the same time find the mechanism for all Americans to have health security will help heavy industry as much as any other section of our economy. It is very difficult for them to compete in a global economy where they're spending 35 or 40 percent more on health care than any of their competitors. So I can't promise any-

body that's in a tough global economy job security. I can tell them that the things we're doing will make them more likely to succeed.

NAFTA

Q. Mr. President, what can you tell the people of Indiana who—for instance, I do a talk show in South Bend, and many of my callers are very concerned about NAFTA as it is. You mentioned NAFTA a minute ago. What solutions are there for those people who are out there that are out of work and they're losing their homes, they're losing their cars, they're losing their identity because of their companies that have pulled out or are pulling out of the country?

The President. First of all, that's the initial point we ought to make. And let me back up and say this. This is a little background. For 12 years I was Governor of a State that had plants shut down and go to Mexico. Before I quit we had one or two of them come back, just like that General Motors plant. I don't know if you saw that, it was announced they were going to shut down 1,000 jobs and bring them back to Michigan because they thought they could achieve higher levels of productivity. The point I want to make to you about NAFTA is this—I want to make two or three points about it. Number one, if we don't do it, let's say we don't do it, anybody who wants to shut a plant down in America and move it to Mexico for lower wages can do that anyway within so-called Maquilladora zone, right? And what upsets people is they move jobs down there, then they produce products and bring it back here, okay? What NAFTA does primarily with regard to that is to move the line back down toward Mexico, throughout Mexico. It makes the whole country eligible. But if you wanted to go to Mexico for low wages to produce for America, you would stay as close to the border as you could to cut your costs down. If you go to Mexico City, in all probability you're going down there to produce for the Mexicans in Mexico City. So if we do nothing, what people really hate about this can continue and will.

Secondly, I think the people will be better off because I don't intend to sign this agreement or send it up to Congress until we get some agreements on the part of the Mexican

Government to lift labor standards and to lift environmental standards there which will lower the wage gap and the cost-of-production gap, increase incomes from Mexican people, and enable them to buy more of our products.

Thirdly, 5 or 6 years ago Mexico had a \$5 billion trade surplus with us because they had more tariffs on our products than we had on theirs, 5 or 6 years ago. Now, we've got a \$6 billion trade surplus with them because President Salinas had lowered these tariffs. So I believe that if we go forward with the agreement, if the Mexican incomes rise, they will be able to buy more American products, and it will create more jobs than it costs. If I didn't think that, I wouldn't be for this. And I think everything that's bad about it is going to happen anyway and even more so if we don't do anything. That's what I believe. That's the reason I'm for it. Yes.

Defense Cuts

Q. I want to go back really quickly—[inadmissible]—association. Evansville, Indiana, with which I am a reporter from, was one of the 20 finalists. You mentioned that—

The President. There were two or three cities in Indiana, weren't there, in the finalists?

Q. Indianapolis and Evansville were the 2 on the list of 20. You mentioned that you thought that the incentive program was not a good idea. Evansville—

The President. No, I do think it's a good idea. No, I think it's a good idea, the incentive program. I do not believe that there should be no consideration—under the previous formula, no consideration was given to the harm done to communities by defense cutbacks. So, no, I didn't ask them to take the incentive out. I think they should leave that in. I just didn't want to eliminate any considerations for the harm done to communities.

Go ahead.

Q. Evansville submitted a bid that would have cost the Government \$1 a year in operating costs. Now, since Indianapolis has lost Fort Benjamin Harrison, which has been closed down, would that give Indianapolis a more favorable advantage over Evansville and the southern half of the State?

The President. It depends. It doesn't mean that the Indianapolis bid would prevail, it just means that they would get some credit, and it would be dependent on how much they've been hurt by it.

Q. Local officials have enacted a tax increase in Evansville to help fund this center, or try to work with the department of revenue to have it repealed in—Vanderburgh County in Evansville. Should local officials give up and have this tax repealed, or is there still a chance?

The President. Absolutely not. No. I'm telling you, no decision has been made about any of this stuff. And I was really stunned—the question that he had. I'm going to go back and check this out. I asked point blank—because if the whole process was over, I was just going to announce it and go on.

Q. —has on good authority that there were five and Indianapolis was one of them.

The President. Well, all I can tell you is I asked where they were going, and they said here are 20 cities, and the 5 haven't been decided yet.

Q. When will a decision be made on this?

The President. Well, I hope in a hurry. Actually, I asked a couple of days ago, and I was supposed to get a report this week about when the whole thing will be completed.

Q. I talked with several workers who are being hired part-time, but they're actually doing full-time work just because the company doesn't want to pay for the benefits, i.e., retirement and health insurance. What can you do to make these companies do what's right for these people?

The President. Well, first of all, I think the only way that's ever going to happen under the circumstances we're living under today is if you have a system like every other advanced country does which has some provision for adequate health care for all workers and requires everybody, including the workers themselves, to assume some responsibility for their health care and the employers. I mean, look at the system, we're the only country, the only advanced country that does what we do. Germany doesn't do this and Japan—no other country does this, where basically if you want to take care of your work-

ers you can, and if you don't, you don't have to. And so it's just up to what you think is better—either more humane or better for your productivity.

In the 1980's, the cost of health care went up by more than twice the rate of inflation because, again, we were the only advanced country that had no system for trying to rein it in. So that if you're employer X and you're competing with employer Y and they don't do it, and you do, what kind of a disadvantage do you have? That's why we have to have a systematic response to this, and why I think it is so important—let's just go back to the deficit reduction. Under any conceivable deficit reduction plan, including mine, which I think is the best, you can bring the deficit down for 5 years and then it starts to go up again in the sixth year. Why? Because of health care costs.

So the answer to your question is we've got to have a national response. About 100,000 Americans a month are losing their health insurance now because of the phenomenon you asked. If it's just a dog-eat-dog world, there has to be some law that requires coverage, but does it in a way that doesn't bankrupt small business. And it's clearly possible to do.

We were just out in Hawaii. I went there to review the Pacific Fleet and to meet with our military leaders in the Pacific on the way back from Asia. And then Hillary spent a day there looking at the health care network. And virtually every employer in Hawaii insures their employees, including the smallest ones. The premiums are slightly below the national average. They've done it for 20 years now. They've managed the system quite well. It can be done.

Yes? Nice tie. [*Laughter*]

Gridlock

Q. I wanted to ask you about actually the subject you came here to push, the budget. You talked a little bit about the political problems Republicans have caused for you, but you have some problems in your own party. On the deficit reduction package last year, two Democratic Members of the Indiana congressional delegation voted against it. Given the election results in Texas and California, what kind of leverage do you have

to influence people in your own party who are in vulnerable districts?

The President. Well, the mayor's race in California didn't have anything to do with it. There has only been one race in this whole country which was a referendum on my economic plan. That is, an honest referendum. That is, where both sides were debated and then three House races, all of which the Democrats won. But the only one where a Democratic candidate decided to defend and, more importantly, to explain the budget proposal was in the race for Leon Panetta's old seat where, by the way, there were a lot of upper income constituents who had to pay higher taxes. And the guy won by nine points. And he did things that I never asked him to do. I wasn't even particularly involved. He ran my picture in his brochures, and he said, "This is right for America, and here's why I'm for it." And he had advertisements saying, "No matter what you've heard, here's what the truth is." And we won the race by nine points.

There was no fight in Texas. I mean, there was no issue. But let me just tell you what happened as a result of that. On the day that Senator Hutchinson from Texas went out on the steps of the Capitol with Senator Gramm from Texas, talking about how no taxes are needed, and all we need to do is cut spending—she was standing there with Ross Perot—the word spread in the House of Representatives they were out there. And so the House voted on the superconducting super collider, a project I have supported, and defeated it by 70 more votes than they defeated it last year and just lobbed it over to them. I said—because it's all in Texas, right? So, I mean, I think it's in the national interest to pursue it, myself. I think it's crazy for us to just dismantle our science and technology system and the kind of high-tech investments that make us a strong country.

But the only place we've had a debate where the voters heard the other side was in that district in California. Even in the Wisconsin-Mississippi races, that was not the issue.

Q. We have time for one more question.

The President. Go ahead.

Economic Program

Q. A followup—why are you having some trouble persuading—[*inaudible*]

The President. Because it's tough. All the easy decisions have been made, because the American people have been fed pabulum for 12 years. Because it's easier to cut taxes and spend more money than it is to spend less money and raise taxes and because the rhetoric is unfavorable. But the specifics show every single solitary focus group or poll where the people have been sat down and go through the specifics, shows that the people will support the program. It's the generalities and the desperate looking for the easy answer. Look, in 1980 we had a \$1 trillion national debt piled up since we became a country. Now it's \$4 trillion. Something went wrong.

David Stockman, who was Ronald Reagan's budget director, right, was not a liberal Democrat, gave an interview a few weeks ago in which he said that it was folly to believe that this whole thing could be solved by spending cuts alone, that they meant to cut taxes 3 percent of the gross national income in 1981, and they got into a political bidding war, and they got to liking it, and they just got carried away, and they lost control, and they cut taxes 6 percent of income.

But I can understand; look, most middle class people are working harder for less money, and they didn't get a tax cut. Their Social Security taxes went up at the national level, and State and local taxes went up at the local level as the Federal Government threw more stuff off on State and local government throughout the 1980's. I lived through that as a Governor.

And any mention of taxes is always unpopular. But I can tell you—I ought to have some credibility on this—my State had the toughest balanced budget law in the country. We were always in the bottom five in the percentage of income going to State and local taxes. I never raised any taxes to balance the books. I did raise some money to build roads and educate kids. We ran our business in order. But the truth is this country's out of control financially. But the easy decisions have been made. The only ones that are left are tough.

And let me say this: I have a lot of sympathy with the Democratic Members of Congress from Indiana because they come from districts that are just like my State. They're fiscally conservative. They want their money spent right. They're tired of the money being wasted. And they don't believe anything anybody says in Washington. I understand that. But I don't think we've done too badly. Let me just give you one comparison. In 1992, 75 percent of the House Republicans, not Democrats, Republicans, voted against President Bush's last budget. I mean, this is a serious budget.

Let me just make one last plug, because a lot of this stuff operates at a rhetorical level. If we have to do—is get in a shouting match as sort of like as we would on a Rush Limbaugh show or something like that—[*laughter*]*—it's hard for the responsible position to win. But if you have to get to beyond the rhetoric to the facts, I think we can win.*

And let me just give you one last thing. The Philadelphia Inquirer went out and actually interviewed people who are experts on the budget who don't have an ax to grind, budget analysts with big accounting firms, for example. And the budget analyst for Price Waterhouse is a person obviously, I don't know, never met him—said that my budget was the most honest budget in 10 years and that the only thing that was not accurate about my budget is that it would produce more deficit reduction than I said it would. It would bring the deficit down more. And we can get you a copy of the article if you'd like to see it.

I mean, I was a Governor. With all the unmet needs this country has and all the other things we need to be addressing, from health care reform to welfare reform to a new policy to revitalize the workplace—the thing we met here about—to the crime bill I want to bring up, all these things I'm interested in—spending 8 months or 7 months doing nothing but this is not my idea of recreation. But we have lost control over our financial affairs. And this deficit is like a bone in our throat, and we have to take it out. And I don't know any other way to do it. If I could think of any other way to do it, I would do it. I also think to get it down to zero, which is really important, over a fixed period of time,

you've got to deal with the question of exploding health care costs. But the fair way to do that without bankrupting hospitals or being unfair to providers or to elderly people is to overhaul the entire system.

Yes, sir?

Agriculture Assistance

Q. Mr. President, a lot of people downstate are involved in agriculture, and many are having a tough time making ends meet. Some of them are even going out of business, going bankrupt. What type of hope can you offer them?

The President. Well, first of all, we're going to rewrite the farm bill, as you probably know. We have to do that for 1995. And one of the things that I've asked the Secretary of Agriculture to do is to examine whether or not the bill that was done in 1990 has done enough to help family farmers stay in business and whether or not we need to look at the farm finance issue even more than the crop price supports, as well as to look at what we can do to help younger people get into farming. And that's all separate from what we need to do for the farmers that lost money in the flood, you know, in the Midwest.

Just in my lifetime, and especially in my tenure as a Governor of a farm State where most of the farmers were family farmers, I watched the number drop drastically. I think that we are looking at a period, if they can hang on another year or so, where just looking into the future you're going to have pretty stable markets for American agricultural products, in fact, ones that might grow and where, if we can put in place some systems in this new farm bill to help the family farmers deal with the radical swings in income caused by the weather, caused by markets, caused by other things that the big corporate farms can endure, I think that the future of the people now farming can be pretty solid. But I do think with the average age of the farmer being about 58 and a half now, we're going to have to do something to help ease the financial barriers to getting young people into farming.

Q. Thank you.

The President. Thanks.

Health Care Reform

Q. My only question is you talked about how health care is going to be such an inte-

gral part of reform in labor and in farming. So how much is the Government going to be involved in whatever health care reform package there will be? And how soon will that happen?

The President. Well, I think we'll have to phase some parts of it in over a period of years, but I want to come forward with a program as soon as we get the budget out of the way.

I'd like for the Government to take care of insuring the unemployed, uninsured, and to make sure that people can change jobs even if someone in their family has been sick—you know, today you've got millions of people locked into the jobs they're in because they've got a sick husband, wife, child, or something, and they can't change—and mandating reform of the insurance markets so that small businesses don't get busted just to buy health insurance—and self-employed people.

But I think that the providers system we have in America is very good now. And I think we ought to leave the doctors, the hospitals, all the private providers and private choice in providers intact, but we'll have to do some more in rural areas especially, and in inner cities to provide for some assistance just to get doctors and nurses and clinics out there in places that are terribly isolated. But the fundamental system is sound. It's the insurance and the coverage that is messed up. The delivery system—if you've health care in America, you're getting pretty good health care.

Thank you. I've got to go, sorry.

Representative Dan Rostenkowski

Q. Could you comment on Chairman Rostenkowski's situation? The buzz among Indiana Republicans that I spoke to today was that that's the real story. It's not policy, but it's practical politics, and if he's indicted you're really dead in the water.

The President. Well, I don't agree with any of that, but I can't comment on something that hasn't happened. I have no way of knowing, and I think it would be irresponsible for me to do that. I mean, I'm a public official. I don't know what the facts are. We'll just have to see what happens, and I have no reason to believe that the conference

won't proceed and produce a report and the Congress won't vote on it no matter what.

Q. —Stevens says that you are holding up the whole investigation to get the budget over with.

The President. Well, you know that's not true, don't you?

Q. Well, of course, I know that's not true. We have to ask.

NOTE: The interview began at 4:07 p.m. at the Sheraton Chicago Hotel.

Exchange With Reporters Prior to a Meeting With Congressional Leaders *July 27, 1993*

Economic Program

Q. Mr. President, are these your "delay in gridlock" friends?

The President. These are my friends. This group had always supported an aggressive approach to deficit reduction, the balanced approach.

Middle East Peace Talks

Q. Are you sure?

Why is Secretary Christopher coming back?

The President. Because I want to talk with him about the Middle East before he goes there.

Q. Do you think the peace process is in jeopardy, sir?

The President. Well, I hope not. I certainly have no reason to believe that it is, but obviously I'm concerned about it. I think the Syrians have shown commendable restraint so far. And I don't think we should let Hezbollah and all these groups that don't want anything good to happen in the Middle East derail the peace process by what they do. I don't think we should, any of us, should allow that. I mean, I really want something to happen there. So I'm very hopeful. But I thought that in view of the events there, that he ought to come home, and we ought to have a conversation about it before he goes to the Middle East.

NOTE: The exchange began at 10:20 a.m. in the Roosevelt Room at the White House. A tape was not available for verification of the content of this exchange.

Remarks and an Exchange With Reporters on Immigration Policy *July 27, 1993*

The President. Thank you very much, ladies and gentlemen. I'd like to say a special word of thanks to the large number of Members of Congress who are here today. I think I have the entire list. If I don't, the Vice President will amend it when I finish. But I see Senator Kennedy, Senator Simon, Senator Feinstein, Senator Boxer, Senator Graham and Congressmen Brooks, Mazzoli, Schumer, Bryant, Fish, Kennedy, Lantos and Gilman. I think that's every Member of Congress here. Did I miss anyone? I missed Congressman Gallegly; I'm sorry.

Several weeks ago, I asked the Vice President to work with our Departments and Agencies to examine what more might be done about the problems along our borders. I was especially concerned about the growing problems of alien smuggling and international terrorists hiding behind immigrant status, as well as the continuing flow of illegal immigrants across American borders.

Following several weeks of intense efforts, including his personal involvement in resolving the recent alien smuggling incident with Mexico, the Vice President presented me with a report spelling out what we might do. I have reviewed that report and approved it. We have spoken to Members of Congress, including those who are here today and others. I want to particularly acknowledge Senator Kennedy, Senator Simpson, Congressmen Brooks and Mazzoli for all their work on this issue over many, many years. We're also in debt to Senators Feinstein and Boxer for their aggressive work in trying to deal with the growing problem, especially in the State of California, and I want to state publicly how much I appreciate the work the Hispanic Caucus has done to ensure that a balanced approach is adopted in dealing with this issue.

The simple fact is that we must not, and we will not, surrender our borders to those who wish to exploit our history of compassion and justice. We cannot tolerate those who traffic in human cargo, nor can we allow our people to be endangered by those who would enter our country to terrorize Americans. But the solution to the problem of illegal immigration is not simply to close our borders. The solution is to welcome legal immigrants and legal legitimate refugees and to turn away those who do not obey the laws. We must say no to illegal immigration so we can continue to say yes to legal immigration.

Today we send a strong and clear message. We will make it tougher for illegal aliens to get into our country. We will treat organizing a crime syndicate to smuggle aliens as a serious crime. And we will increase the number of border patrol, equipping and training them to be first class law enforcement officers. These initiatives for which I am asking the Congress for an additional \$172.5 million in 1994 are an important step in regaining control over our borders and respect for our laws. When I made a commitment to combat this problem on June 18th, I announced a plan of action. This is the next step in fulfilling that commitment.

Some will worry that our action today sends the wrong message, that this means we are against all immigration. That is akin to America closing its doors. But nothing could be further from the truth. Let me be clear: Our nation has always been a safe haven for refugees and always been the world's greatest melting pot. What we announce today will not make it tougher for the immigrant who comes to this country legally, lives by our laws, gets a job, and pursues the American dream. This administration will promote family unification. We will reach out to those who have the skills we need to make our nation stronger, and we will welcome new citizens to our national family with honor and with dignity. But to treat terrorists and smugglers as immigrants dishonors the tradition of the immigrants who have made our nation great. And it unfairly taints the millions of immigrants who live here honorably and are a vital part of every segment of our society. Today's initiatives are about stopping crime, toughening the penalties for the criminals,

and giving our law enforcement people the tools they need to do their job.

I'm also taking steps today to address the long-term challenges of reforming our immigration policy. I intend to appoint a new chair to the congressionally mandated Commission on Immigration Reform and to ask the Congress to expand the Commission to include senior administration officials. I'm also asking our Attorney General, Janet Reno, and the INS Commissioner-Designate, Doris Meissner, to make sure the INS is as professional and effectively managed as it can be. Under their leadership, I have no doubt that it will be. With these efforts, I hope that we can begin a broad-based national discussion on this important issue and move toward significant resolution of the problems that plague all Americans.

Now, I'd like to ask the Vice President to come forward with my thanks for his outstanding work to discuss the specifics of the initiative.

[At this point, the Vice President outlined the immigration policy. The Attorney General then discussed what measures will be taken to enforce the policy.]

Q. With all due respect, sir, all of this has been tried previously. The Simpson, Romano, Mazzoli bill did make a similar attempt to this by increasing penalties, they increased funding, they increased border patrols, they increased penalties to employers, and yet, nothing happened. What leads you to believe that this time something might really happen?

The President. I want to give them a chance to answer this. It's not true that all these things have been tried before. First, Senator D'Amato, I'm glad to see you. Thank you for coming.

It's not true that all these things have been tried before, and it's certainly plain to anybody with eyes to see that the border patrol is drastically understaffed, breathtakingly understaffed. But there are also some new elements in this, and I think I'd let the Vice President and the Attorney General address them.

The Vice President. Yes, the change in the exclusion provisions is brand new. The change in the investment in the information

systems that will avoid a repetition of what happened when the sheik applied for a visa and then the office didn't have the information because even though the State Department did, it didn't have the information system to display it, a lot of these things are brand new. They've never been done before, and it is a coordinated approach involving all of the players involved and the full keyboard, if you will. Every part of the issue is being addressed here.

Now, there are some things that are not addressed and the procedure the President outlined for addressing the longer term problems is going to work just as well as this procedure worked. It's going to take more time, though.

Q. How much of this counterterrorism provision was sparked by the World Trade Center bombing, and how confident are you that the borders will be safe now from terrorists getting into the United States, if this proposed legislation is enacted?

The President. I can answer the first part; maybe I should invite the Attorney General to comment on the second. There's no question that the World Trade Center bombing has caused us to review a whole range of issues, not just involving immigration, in terms of our ability to deal with the whole threat of actual or potential terrorism. And when that happened, we began in earnest to review not only this issue but the capacity of our law enforcement agencies to deal with it, and we will continue to do that. I think that I owe that to the American people, and that clearly had something to do with it.

Attorney General Reno. With respect to the second part, no one can ensure anything, except that we are going to try our best. When I came into office, I found a service that too often did not communicate with law enforcement and vice-versa, that too often was not in communication with other Federal Agencies. I think it's imperative that we bring everyone together to communicate to do everything that we can to address the critical issue of terrorism and to be as vigilant as possible. To ensure our borders at this day and time is a very difficult task, but it is one that is of the highest priority of this administration.

Q. Mr. President, on the question of the reason illegal Chinese immigrants—obviously, they involve three parties: the United States, China, and Taiwan, because some of the ships are from Taiwan. So I wonder, are you planning to personally discuss with leaders of China and Taiwan, maybe, in November APEC meeting in Seattle?

The President. Well, let me say, first of all, I just talked to the Secretary of State last night, and he raised these issues personally in his conversation with the representative of the Chinese Government recently. And we have enjoyed good relations with Taiwan, also. We intend to raise it with them. We intend to raise it at the highest levels with both countries and to seek their active and consistent cooperation. And I think, as you point out, without that cooperation, we will continue to have greater difficulties on this end. But I think they will help us more, and I have no reason to believe that they won't. We're just going to have to work on it. We're going to have to have their help to do better.

Q. Are you inviting them to the APEC meeting? Are you inviting President Li Teng-hui to the APEC meeting?

The President. We also are discussing how we're going to deal with the APEC meeting, who is going to come from all the 15 countries. And of course, who comes will be in part, I think, determined by how much we'll want to pursue this discussion there. But in terms of who will be there, that hasn't been finalized from their point of view.

Go ahead.

Q. Mr. President, how do you depoliticize the asylum process? Because in the Reagan years, anybody from El Salvador was not considered to have a bona fide claim of asylum. In the Bush years, Chinese fleeing birth control policies were deemed to have a good claim for asylum. How do you make this more rational so that the American people and the foreigners both know what qualifies as asylum?

The President. That's a very good question. I'm so glad you asked it. I think the answer is that we have to have criteria for enforcing this law that grows out of our laws that are based on policies rooted in laws enacted by the Congress. I think that is the answer. Obviously, if Congress and the ad-

ministration work with the Congress, if we decide that there's some policy that's so important for other reasons, for our other foreign policy concerns, our human rights concerns, you name it, that we want to root that in our legal policy, then no one can accuse us of being arbitrary, because we will have gone through a deliberative process. The Congress will have made a judgment; we will all be on public record.

But I do think it's very important that immigrants from the world looking at us and governments from the world looking at us, not believe that the President will wake up someday and decide that for some arbitrary reason we will enforce the immigration laws of the country in one way or another. Perhaps the Vice President and the Attorney General would like to make a comment about that, also.

The Vice President. I'd like to add one brief point. This proposal does take the partisanship and the politics out of it. This is a bipartisan initiative. Republicans as well as Democrats are here from both the Senate and the House. And if I could summarize the basic tone of this initiative, I would use the words of Doris Meissner, who is the designee to head up INS, when she said not long ago, we want to stop illegal immigration so that we can continue opening our country to legal immigration. The two go together, and that's what this proposal is designed to do.

The President. I think we've answered about all the questions we can. I'd like to close by reemphasizing that point. When I ran for President, I think in some ways the most rewarding part of the experience was having the opportunity to see just how many different countries and how many different ethnic groups have contributed to making America what it is today. We don't want to do anything to interrupt that. But we cannot continue to progress as a country unless we have a more vigorous response to this problem, and we don't want to cloud the two. This has nothing to do with our support for keeping the rainbow and the melting pot of America going and growing and enriching and strengthening this country.

But the kinds of practices that are manifest in who can get into this country on an air-

plane, what kind of illegal smuggling can go on, and the fact that our borders leak like a sieve, those things cannot be permitted to continue in good conscience. It's not good for the American immigrants who are here legally in this country, for the American economy, for the cohesion of our society, or for the rule of law worldwide. And we're going to try to do better. This is a very good first step.

Thank you very much.

NOTE: The President spoke at 11:38 a.m. in Room 450 of the Old Executive Office Building.

Message to the Congress Transmitting Proposed Legislation on Illegal Immigration July 27, 1993

To the Congress of the United States:

I am pleased to transmit today for your immediate consideration and enactment the "Expedited Exclusion and Alien Smuggling Enhanced Penalties Act of 1993." This legislative proposal is designed to address the growing abuse of our legal immigration and political asylum systems by illegal aliens holding fraudulent documents and by alien smugglers. Also transmitted is a section-by-section analysis. The proposal is part of a larger Administration initiative that I announced on June 18, 1993, to combat the illegal entry and smuggling of aliens into the United States.

The use of fraudulent documents by aliens seeking to enter the United States has increased dramatically. This proposal would expedite the exclusion and return of certain undocumented and fraudulently documented aliens who clearly are ineligible for admission to the United States, while ensuring that persons who have legitimate asylum claims receive full and fair hearings. In addition, the bill would increase the ability of the Immigration and Naturalization Service (INS) to prosecute alien smugglers and enhance the penalties for alien smuggling.

The expedited exclusion procedures would apply to an alien who, for example: (1) attempted to use a fraudulent passport to enter

the United States; (2) came to the United States by commercial airplane and did not present a visa upon arrival; or (3) was encountered by the Coast Guard on the high seas and brought to the United States. To apply for asylum, these aliens first would have to establish that they had a credible fear either of persecution in the country from which they had departed or of return to persecution. If an asylum officer determined that the alien had such a credible fear, the alien then could apply for asylum. If the alien did not have the requisite fear of persecution, the alien would be subject to an immediate order of exclusion barring him or her from entering the United States. The bill would limit judicial review of such an exclusion order.

Alien smuggling has become an increasingly pervasive problem, as seen in the current wave of Chinese aliens being brought to the shores of this country by unscrupulous criminal organizations. These organizations seek to profit both from transporting these aliens and from their labors once in this country. The number of alien smugglers arrested in the past 3 years has tripled, and the number of smugglers convicted has doubled.

Alien smuggling not only violates our criminal and immigration laws, but it also takes a terrible toll on the lives of the aliens illegally brought into this country. Many of these individuals transfer their entire life savings and pledge thousands of additional dollars to smugglers. These aliens are often placed in deplorable conditions amounting to indentured servitude until they can pay the debts incurred for their passage to America. Moreover, organized criminal syndicates are becoming more frequently associated with this highly profitable traffic in human cargo.

The bill's criminal provisions are vital to help apprehend offenders and deter future criminal activity in this area. Under this proposal, the maximum penalty imposed against certain smugglers would be increased from 5 to 10 years in prison for each individual smuggled. Since clandestine means of investigation are often needed to build cases against alien smuggling rings, the bill would authorize INS to conduct wiretaps for alien smuggling investigations.

Finally, the Racketeer Influenced and Corrupt Organizations statute would be amended so its penalty and forfeiture provisions could be used against alien smuggling organizations. The proposal also would expand the ability of law enforcement personnel to forfeit the proceeds of illegal alien smuggling, such as cash and bank accounts.

In addition to this bill, our efforts to combat alien smuggling include strengthening law enforcement efforts and attacking smuggling operations at the source. The Federal Government already has begun interdicting and redirecting smuggling ships, where feasible, in transit to the United States. INS is detaining aliens who enter the United States in conjunction with criminal smuggling activities. The Department of Justice, consistent with due process and existing laws, is expediting the adjudication of entry claims raised by migrants who are the victims of organized criminal smuggling schemes.

All of these actions, taken together, signal the United States abhorrence of the trafficking in human beings for profit and our determination to combat this illegal activity. At the same time, they reaffirm our Nation's commitment to safeguarding the protection of bona fide refugees.

I urge the prompt and favorable consideration of this legislative proposal by the Congress.

William J. Clinton

The White House,
July 27, 1993.

Remarks and an Exchange With Reporters Prior to a Meeting With Midwestern Governors

July 27, 1993

Q. Mr. President, do you have any problem with Senator Boren's idea for a budget summit?

The President. Let me make a statement, first of all, about what we're here for.

I want to welcome the Governors from the States afflicted by the floods to Washington,

and I'm very encouraged by the work they've been doing here today. Of course, we hope the legislation will pass the House today, and if it does then when it moves on to the Senate it is our intention, as I indicated when I was in St. Louis, based on Mr. Panetta's figures, to ask that the relief package be increased by another \$1.1 billion which will take us to just slightly above \$4 billion. And of course, we're still collecting damage estimates. It may get worse because it's still going on in some places. But I'm very hopeful that we can push this through and work this through. And of course, there are a lot of other issues the Governors want to talk about and deal with that we're going to try to help them on some. I'm encouraged by that.

In terms of the other question you asked me, go back to 1990. You know, I will say again, that the strongest reaction I got yesterday in Chicago with that highly bipartisan crowd was when I said we need to make a decision and go on with other things.

If you look at what happened in 1990, there was this sort of delay. If you delay it a couple of months you're going to have less deficit reduction, higher interest rates, more fragility and uncertainty in the economy, more consumer confidence going down. We have been working on this.

We have other things to do. The American people want us to solve the health care crisis, deal with welfare reform, to pass a crime bill. We have a whole range of other issues out there. The Congress is strangled from doing anything else until we put this budget issue behind us. So the time has come to act. We just need to move and go on and almost everything else that needs to be done, I hope and believe we'll have bipartisan support and we'll meet the needs of this country. Nobody wants to reduce the deficit because—the reason it got so bad as it did is that there were tough decisions required to turn it around. And I think to delay it while we nibble around the edges would be a serious error.

NOTE: The exchange began at 1:54 p.m. in the Cabinet Room at the White House. A tape was not available for verification of the content of these remarks.

Remarks on the Anniversary of the Americans with Disabilities Act

July 27, 1993

It is great to see all of you. You know, I heard Tom's speech outside, and I want to say, first of all, how grateful I am, as an American, to Tom Harkin, and Steny Hoyer, and all of you who made the Americans with Disabilities Act a reality, but how much I owe, as a public servant, to Senator Harkin personally. You know, when we were on the campaign trail together, he made his brother the most famous brother in America—in a very beautiful way. And you need to know when he was up here speaking we've been killing time because his brother, Frank, is on the phone, and he doesn't have time to talk to me right now. *[Laughter]* His line is busy. This is true. His line's busy. We've been trying to call him which is great. It's great. It means that the thing is working. *[Laughter]* This is—yesterday, I guess, was the effective date when the telephone service had to be provided. So I'm so excited about that.

While we're waiting for the line to clear, let me just—if I might make a few points. First, I want to reaffirm strong support of our administration for implementing and enforcing the act. Yesterday, the Attorney General and a number of other Cabinet members conducted some activities designed to clearly remove any ambiguity about that and to re-enforce our commitment on that issue.

The second thing I want to do is to—I know that Roy's already introduced them, but to say a special word of thanks to Americans with disabilities who happen to be part of this administration and to those who will be, including some in this room and some who are not in this room.

Finally, let me say, we need your help because you have become a very powerful force. We need your help to pass this economic plan so we can get on with the rest of the business of the country, and then so we can get on the health care and try to deal with the issues of long-term care and personal services and empowerment, the kinds of things that are so important to—I heard Tom talking about the inclusion, independence, and empowerment. There are a lot of

Americans who need that, not just Americans with disabilities. And we have to go forward.

And I know a lot of people, but none more than you, are eager to see this debate on health care begin. It cannot begin until we have a budget and economic plan in place. And there are many more things that we have to do which are also of interest to you that are especially important. We need a new crime bill. We need a bill that reforms the welfare system. It also works on empowerment. We need a whole series of things that we are eager to get on with doing. But first we have to nail this budgetary issue.

I am especially interested in the health care debate, as you know. And I spoke with the First Lady this morning, as I do on most mornings—[laughter]—and we were reviewing our days, and I told her that Tom and I were going to be here with you today. And she was very interested in, you know, the fact that we were going to do this and asked me to give you her best and to thank those of you who have been involved already with her in the health care task force in trying to work through these issues.

NOTE: The President spoke at 2:50 p.m. in the Roosevelt Room at the White House. A tape was not available for verification of the content of these remarks.

Remarks in a Telephone Conversation With Frank Harkin

July 27, 1993

The President. Hello?

Agent 218. Yes, hello. Good afternoon. This is Agent 218 of the Federal Information Relay Service.

The President. May I speak with Frank now?

Agent 218. Yes, he's on line standing by for your conversation.

The President. Frank, this is Bill Clinton. I'm really glad to be able to talk with you now that the text telephone system is in place nationwide. And I'm here with your brother, Tom, who just gave a great speech.

If it hadn't been for you, I don't think we would have had all those great speeches he

made. I just told the crowd here that he made you the most famous brother in America last year.

Mr. Harkin. Gee, thanks.

The President. He said, "gee, thanks."

Mr. Harkin. Thanks for saying that.

The President. "Thanks for saying that."

What we all want to know is whether you are wet or dry.

Mr. Harkin. It is a great moment to talk to you, Mr. President.

The President. Frank, what we all want to know here is whether you are wet or dry. I've been to Iowa twice, and I know how much flooding you've had. So tell us how it is around where you live.

Mr. Harkin. Today it is humid and muggy. I did watch on TV when you were in Iowa.

The President. Well, I just had the Governors of six States, including Iowa, in to see me to talk about how we could help people get over the flood damage, and I certainly hope we can do a good job of that.

Mr. Harkin. Hopefully you will do your best.

The President. I want you to tell all the people here with me how you like this communications system.

Mr. Harkin. It is wonderful to have a TV crew from Des Moines in my house.

The President. Well, now I want you to say a word to your brother. You have proved that you are a person of fewer words than—[laughter]—than the President or your brother. Congratulations.

Senator Harkin. What did he say?

The President. He's waiting for you.

NOTE: The President spoke at 3:09 p.m. in the Roosevelt Room at the White House. The exchange was part of a ceremony honoring the anniversary of the Americans with Disabilities Act. A tape was not available for verification of the content of this exchange.

Interview With the Georgia Media

July 27, 1993

The President. Well, first of all, I want to thank you for coming. Welcome. As you

probably know, we've been doing a whole series of these press conferences, both when I'm out and when I'm here and also some of it electronically, but as much in person-to-person as possible. And I would like to give as much time as possible to answer your questions.

But I think I should begin with a story that Charles Stenholm told this morning. He's the chairman of the Conservative Caucus in the House who, by the way, thinks we should make some changes in the program during the conference. But he acknowledged today that—he said every time someone calls me criticizing this program, they've normally had their heads filled full of misinformation by people who are criticizing them without telling everything. And every time I talk somebody through it, they wind up thinking it's not so bad.

Last night Leon Panetta went to a Maryland district that's fairly representative of the United States with Congressman Cardin and went through the whole program. And afterward the Congressman asked the people, "Do you want me to vote for this, or do you want me to delay it 60 days more or just let it to go to pieces and see what happens?" And three to one, they wanted him to support it.

Then the Wall Street Journal last week finally began something that has not happened up here. This is not your issue but ours in Washington. They actually went around and started asking people who said they were with small business groups opposed to this plan if they knew what was in it, and it turned out they didn't. And over 90 percent of the small businesses in America will actually be eligible for a tax reduction under this program, because they have no tax increase on the income taxes, and we doubled the expensing provisions for small businesses.

So the program—I just want to emphasize again—is the only program presented that provides \$500 billion of deficit reduction, an equal balance between spending cuts and tax increases. For every \$5 in spending cuts, there are \$5 in tax increases; \$4 of those come from people with incomes in the upper 5 percent of the income brackets; \$1 comes from the middle class. Working families with incomes of under \$30,000—and there are a

bunch of them in Georgia—are held harmless in this program. An average family of four with an income of \$50,000, we're looking at a ceiling of about \$50 a year, which is less than a buck a month to get the deficit down and provide some of the economic incentives to grow some jobs, which I think is very, very important. So I think it's a balanced plan. I think it's a fair plan. And if you look at the alternative that was presented in the Senate, it's the only serious plan so far that's been up that really has big deficit reduction in a fair way.

Questions? Go ahead.

Georgia Congressional Support

Q. As you're meeting with us, obviously, some of this is directed at reaching our congressional delegation as well. We had conservative Democrats in the House, and obviously Senator Nunn in the Senate, who had voted against the plan. How are you approaching our delegation? Are you meeting with them personally? How are you lobbying them? Are you disappointed that you haven't had them with you? And do you think you can turn them around?

The President. First of all, we got a good number of votes from Georgia for which I am very grateful. But let me tell you how I'm doing it generally. I'm trying to meet with the House Members in the big caucuses first: the Conservative Caucus; the Mainstream Forum, which is sort of the DLC group; the Black Caucus; the Hispanic Caucus; the Women's Caucus. I've met with all of them, except I'm meeting with the Mainstream Forum tonight, and then talking to individual Members about individual concerns.

In the Senate we pretty well know the 10 or 15 Senators that could go either way and what the issues are for them, and so I'm trying to talk to each of them individually about their concerns. I met with four Senators over the weekend, and I have talked to a number of others over the phone.

The concerns basically are twofold. They break down into two broad categories. Some are just worried about a political reaction. And many of them have said to me, "Look, if our constituents knew what was in this, we know they would support it."

This is the only political issue in my lifetime where people have known less about it as it's gone on; that is, known less about the issue as time has gone on. The night I gave the State of the Union Address when there was a great deal of support for this was really the time when people had the largest number of facts. And then all the groups that ginned up opposition to it—it's like this spokesperson for a small business group last week ran a car washing service; turned out she got a tax reduction, not a tax increase out of this plan, and she didn't know it. And the people that had gotten her to stand up and speak against something she didn't know what was in.

So for those folks we have really got work on just making sure that they understand, that we now have an aggressive effort to get the evidence out that this is fair, progressive, real deficit reduction and real job creation. It's going to keep interest rates down and get jobs up. I mean, that's just a—that's reality, and I think that's important.

To the second argument is that the country wants us to make a decision and go on about other things. They don't want us to fool around for 60 more days without a budget. They want us to make a decision and then deal with health care, the crime bill, the welfare reform bill, all the other issues out there facing us.

Now, there's another group of people who basically didn't like either the bill that passed the Senate or the bill that passed the House but are more than prepared to take the political heat associated with serious deficit reduction if they can get a bill that they agree with. Senator Nunn, for example, told me that there were basically two big issues for him. And he told me that he might have reluctantly voted for the House bill because the House bill addressed one issue, which is that we need some more incentives in the Tax Code for people to invest their money in job-creating activities. And in the House, you know, we had incentives for new and small business capital gains tax. You invest your money in a business capitalized at \$15 million a year less; if you hold it for 5 years, you cut your tax rate in half on the gain.

By raising personal income tax rates, we created a significant incentive to halve capital

gains generally by investing in new businesses. We had some new incentives for new plant and equipment. We had new incentives to revive real estate and homebuilding. We had incentives to do more research and development.

When the Senate passed its bill to move from the Btu tax down to the fuel tax at 4.3 percent, one of the ways they did it was just to eliminate all that stuff, as well as the empowerment zones to try to get free enterprise into the depressed urban and rural areas. They cut that way, way back, so—no, they eliminated it in the Senate bill.

So, I believe that that concern will be addressed in the conference report. That is, I think the final bill will, through a combination of other spending cuts and maybe some just minor modifications to the revenue package, put a lot of those job incentives back in there.

The other issue that Senator Nunn raises is one with which I am very sympathetic but one that I am absolutely convinced we cannot deal with right now but that we have to deal with. And that is that there needs to be some limits, some discipline on the growth of entitlement spending. Let me just give you an example. The budget that was passed last year before I became President had an estimated 12 percent a year increase in health care costs, Medicare and Medicaid, 12 percent a year. Now, the rolls were growing some, but most of it was just inflation, paying more for the same health care.

We cut that back to 9 percent a year and saved \$55 billion or so off the previous budget, a big shave. But still if you look at this budget now, you've got defense going down, many domestic programs going down, and an overall freeze on domestic spending. That is, for all the increases we have in Head Start and worker training and new technologies and defense conversions, we have offsetting decreases in something else. And the only thing that's really increasing in this budget are the retirement programs, Social Security cost-of-living increases, which are at least covered by the Social Security tax, and other cost-of-living increases on retirement programs and health care. That's what's going up.

So Senator Nunn and others believe, and I do, that you have to find a way to control health care costs. Otherwise, you're going to give the whole budget over to health care. You wind up cutting defense too much, and you don't have enough money left to spend where you ought to spend it, which is in revitalizing this economy. The problem is that if you put a cap on health care costs in this budget without reforming health care, which is the next big issue I want Congress to take up, if you did that, then all that would happen is you'd impose a hidden tax on every American with health insurance. Because what happens is if you just quit paying doctors and hospitals at the Federal level, then they just send a bill to your employers and to you if you pay part of your health insurance.

And that's why I don't think we can pass this cap now. I think we can pass the controls on health care costs by the Government if we reform health care. So anyway, that's a long answer. But you're interested in the Georgia politicians. I'm dealing with the political concerns and the substantive concerns as they come up.

Senator Sam Nunn

Q. Can I follow up? Why could you not convince Nunn of that, given the fact that here's a guy who supported you in the campaign and sold you, in effect, to Georgia voters in campaign ads? And it would seem like, this being as important to you as it is, that you would be able to persuade him to accept the logic of that and wait for health care reform down the road.

The President. I'm not sure he won't. I mean, he told me clearly that he found that he thought the Senate was wrong to take out all the job incentives, and of course, I did, too. But my argument to him was don't let the thing get defeated. Let's send it to Congress and see if we can put them back in. But you know, he and Senator Domenici worked for years on this program of strength in America. I think he's got a lot vested in it. He's got some very strong convictions about it. But all of us, including the President, in order to get anything done in a tough time, we've got to be willing to compromise some. And I hope we will get his support at the end.

But I just wanted to tell you what I think the roots of it are. I think they're—and that I'm very sympathetic with a lot of what he was saying. And I think in the end we'll get where he wants to go.

Let me just mention one other thing I have to tell you. If you get the budget out of the way and you start health care reform, which is the only way to ever get the deficit down to zero, by the way—I'm not satisfied with going down to \$200 billion a year and then going back up again in 5 years; we've got to do something about health care to move it to zero. Then the other big issue that's coming up this fall that I think is terribly important is the Vice President's report on reinventing the Government. That's been a big issue that Senator Nunn and I worked on through the Democratic Leadership Council. He is going to offer some very controversial but very important suggestions to cut the overhead costs of the Federal Government and make it more efficient, make it more user-friendly to the taxpayers, and free up some money which can itself be used to reduce the deficit or to invest in our future. So all these things have to be seen together.

And the argument I have to make to Senator Nunn—and I'm trying to make to some others, and a lot of the moderate Republicans who basically think they ought to support me if they could get out from under the partisan deal—is that you cannot solve every problem with the Federal budget with this act. We cannot solve all the problems. But if you put the budget and economic program with the Gore reinventing Government initiatives, with health care reform, you can bring this deficit down to zero, and you can really revitalize the economy, and you can do it in a way that's fair to all the American people. But you can't do it in one bill. And I guess that's the—a lot of the people who are holding out are saying, "Well, we want it to be perfect." Well, it can't be perfect. It's just got to be a big advance. It's given us the dramatically lower interest rates, and it's a good thing.

Q. Can you tell us a little about your relationship to Senator Nunn? I'm belaboring the point a little bit, but we have watched this over the last 6 months. How often do

you talk with him? How is your personal relationship, despite all of the thing with gays in the military——

The President. Probably—I don't know—anyway, often. I talk to him often on the phone. And I see him with some frequency, and I hope to see him again pretty soon to discuss this. But you know, it's not unusual for me every week, a time or two, to pick up the phone and call him on something.

Q. Are you frustrated with him?

The President. No. No, I mean, I think—you know, I don't agree with the decision he made on the budget bill. But I agree with the reasons he had for not liking the way it came out. I didn't like the way it came out. But I think we should have kicked it into the conference—the Senate did the right thing—so we could keep the process going. Because the Republicans have not offered any credible alternatives, so there's no basis for us to build a bipartisan coalition. I hope we never have another bill without a bipartisan coalition, because I'm not comfortable with that. But in general I think it's going pretty well. I mean, the other issues—you know, he never made any pretense. He never agreed with me on the gays in the military issue. He made it clear in the campaign. He made it clear during the transition. He made it clear after the election. And we wound up—he wound up in a place where I don't think he expected to wind up either. I mean, I think we moved this thing quite a long way.

As a practical matter, if you read this policy, it differs from what I said in the campaign in only one respect: You still can't openly declare your homosexuality without some fear of being severed from the service. If you do that, the burden is then on you to demonstrate you are not going to violate the Code of Conduct. But I never said one word, not a word, about changing anything about the Code of Conduct. And yet the military leaders themselves decided to go further than they had ever gone in protecting the privacy and association rights of all members of the military in ways that Colin Powell summed up as a policy of "live and let live." That goes well beyond anything I even talked about in the campaign. Senator Nunn endorsed that. The Joint Chiefs endorsed that.

The House leadership yesterday endorsed that. So I'm very encouraged about where we are on it.

Economic Program

Q. I've asked this question of a couple of your people, and I'd really like to hear your response on it as well. You last week released the jobs State by State that you think the plan will generate. Now, this morning in a session, Roger Altman's staff basically said, "Gee, we probably shouldn't have been so specific. We should have rounded these numbers a little bit. We're not going to create 238,416, or whatever, for the State of Georgia."

The President. It might be more; it might be less. I think everybody knows projections are approximations.

Q. But the choice was to release very specific numbers and now to round them. And now the administration is getting some criticism for that. Do you not think it may have been a mistake to have tried to put such specific numbers together in an attempt to sell this plan?

The President. Well, it may have been, but let me tell you why we did it. What we're trying to do is to avoid—frankly, the main reason we did it was to avoid overpromising, because I don't believe that this plan alone can restore America's health. I just think it is the critical, it is the critical first step. Without it I think you have total uncertainty; you have chaos; you have interest rates going back up again, and you have a Government that can't get anything done.

With it you begin the march to progress. I think to get total economic health you have to do something about the health care crisis, do something about the way the Government does its business, deal with the welfare reform issue. And then there has to be a whole set of other economic strategies to help people convert from a defense to a domestic economy, continue the education and training of the work force, open new markets, all those other things.

So I think what they were trying to do was to say yes, it will do something, but we don't want to overpromise. Here's a model we ran through, and this is where we got. It may or may not have been a mistake, but we were

trying to give people a sense of what our own research had produced.

Media Coverage

Q. Could I ask a followup please? One of the reasons for days like today is that people acknowledge that you have been misunderstood to some extent in terms of this plan. As you well know, there's been a fairly constant sense among some people in the administration, and sometimes you're one of them, that you've been misunderstood a lot on issues like gays in the military and what you first meant and what you really meant and on the economic plan, that sort of thing. Why, now that you've been here for a while, do you feel there is something systemic that's wrong with the way the media covers the White House? Why have you been so misunderstood by the people who cover this administration?

The President. Oh, I don't know. I think that for one thing if you throw something really controversial out there, and are new and different, it is very difficult for anything but the controversy to get constant coverage. And I don't say this so much about you but I mean, just in all the stories that compete for time on the national news. For example, let's suppose you're—and this is not a criticism more than an observation—suppose you are the producer of ABC News or wherever. You've got to put the flood on, right? The Israelis bomb the Bekaa Valley or attack the—you've got to put that on. So instead of, I mean, you can't go back through every night all the essence of the economic plan. And if our adversaries decide just to scream, "taxes," it's just easier to cover that story and to get it in the timeslots you can cover it.

I think that a big part of it is when there is just a huge volume of news and you've got somebody like me who's very much into trying to solve problems and get them out of the way, whether it's the test ban issue or the POW issue or the Northwest United States forest issue, I just try to take all these things and move through them. If you get something really controversial like gays in the military, it's not as if I had a chance to sit in the home in a fireside chat with the American people and walk them through my position and then walk them through why we

came up with this compromise and why I think it is the principle right thing to do.

And on the economic plan, I think it's just clear, I think—let me just give you—Bernie Sanders from Vermont is an independent from Vermont, the only independent in the Congress. He called me the other day and he said, "I have done you a terrible disservice." I said, "What do you mean? You voted for me on everything." He said, "That's what I'm telling you." He said, "If the progressives in the Congress had burned you in effigy for all these spending cuts, then America would know you had made spending cuts."

But because the entire Democratic Party and I—on the spending cuts it was never newsworthy. They weren't newsworthy. The newsworthy thing was the fight over the taxes, so that even when the Republicans—they were so smart about it—when the Republicans in the Senate Finance Committee offered all kinds of things to water down the tax program, but they did not offer one, not one red cent in spending cuts, because they didn't want to take any tough decisions. They knew we already made a lot of spending cuts, and they just wanted a lot of tax on the taxes.

So I think, frankly, anytime you do hard things and you try to change, you have to expect to be misunderstood. But when you've got more than one thing out there at once, you have to really work on talking it through, which is why I think I should have been doing this from February the 18th until today, not just for the last month or so.

Q. But is any of this your fault, sir?

The President. Sure it is. Sure it is. I mean, I'm sure it is. I've got to learn—you know it is. But I'll tell you this, I've got an administration that's tried to face the problems of this country. Everybody up here is trying to do right by America. We get up every day and go to work, and we have taken on things that have been ignored for a long time. And I do not believe, frankly, that the evaluation of the administration by the press or the people has fairly compared us with what got done in previous administrations. I mean, I could have been, I guess, immensely popular if all I'd done is make speeches for the last 6 months and not try to do anything.

Taxes

Q. Mr. President, this goes to what you've already been saying about American taxpayers. There are many people who have the perception that you are a taxaholic, that you didn't get the message that many people in this country want you to cut spending first, get rid of the bloat in the Federal Government and then talk about tax hikes.

The President. But we are cutting spending. And if all you had was spending cuts, you would have a deficit reduction package in the neighborhood of \$250 billion to \$260 billion which no one—which the financial markets would not take seriously and interest rates would be 2 percent higher and all these people refinancing their home and saving a ton of money on it wouldn't be saving it.

In other words, let me give it to you in another way. We are cutting spending. We're going to cut more spending. But you'd be amazed how many of those same people, when you say, "Okay, all the growth is in Medicare and Medicaid. You want me to cut Medicare?"—they say, "No, don't do that." I mean, there are people who believe that all the Federal budget goes to welfare and foreign aid—which is something we cut, by the way, foreign aid—which is a tiny percentage of the total overall budget of the Federal Government.

We are—this administration, not the two previous ones—that's really got the serious attempt going to reduce the Federal bureaucracy and to change the way the Federal Government relates to people. That's what the Vice President is working on, and we'll have our report out next month. But we don't have time to fool around.

Let me just make one final point about this. David Stockman, who was Ronald Reagan's Budget Director when the '81 tax cuts were enacted, gave an interview last month in which he said it was folly to believe we could balance the budget on spending cuts alone, because in 1981 President Reagan intended to cut taxes 3 percent of national income. And by the time he and the Congress got through with their bidding war, they had cut them 6 percent of national income, so much that some companies couldn't even handle all their tax cuts. They were selling

them to others. And he said, "That has to be reversed." That's what I'm trying to do.

And you know, let me just point out for all those people who think I'm a taxaholic, for 12 years I was Governor of a State that was always in every year in the bottom five of the States in the country in the percentage of income going to State and local taxes, in every year. We had the toughest balanced budget law in the country, and the only time we raised money was when a majority of the people of my State supported it, and the money went to schools or roads. We didn't do anything but education and jobs with new taxes. In the late eighties, the percentage of our income going to taxes in Arkansas was the same as it was in the late seventies when I became Governor.

But when you get up here, you see the problems we've got and you see how long they've been ignored. And keep in mind, families with incomes under \$30,000 are going to be held harmless. Families with incomes between \$30,000 and \$140,000 are going to be asked to pay very modest amounts. The average payment for a family of four with a \$50,000 income is \$50 a year. To get this deficit under control, I think it's worth it. If the people don't think so, they can tell their Congressman. But the idea that there are no spending cuts in this thing is simply not true. The spending cuts have not been controversial, so they have not been reported, so people don't think they exist. But they do exist.

Legislative Action

Q. Mr. President, what are the consequences of your not getting this budget plan passed as you want it by the August recess?

The President. Well, the consequences of not passing a budget plan—it won't be exactly as everybody wants it. That's what a democracy is about. People get together and work through. But if they don't pass the budget plan by the August recess, what will happen is we'll flail around here for a couple of months. You'll see interest rates start to go up again. Uncertainty will get worse, and you'll wind up with less deficit reduction. Politics will take over, and you'll wind up with less deficit reduction. So the thing we

need to do is to make a decision and get on with it. I mean, we've been fooling around with this for long enough.

I realize that we're keeping a pace that's faster than normal for Washington; but for America, they want something done. It's time to do something. It means that if you fool around with it, it means we don't deal with health care; we don't deal with welfare reform; we don't deal with the crime bill; we don't deal with all these other issues that are out there crying for attention in America. Eight months is long enough to make a decision about a budget and an economic plan. It's just long enough.

Q. Are you worried you're not going to be able to get it?

The President. Well, I think in the end they will do it because I think that all the Republican Members have gone on strike basically. We've reached out to them. We've tried to negotiate with them. And they have basically said, you know, they don't want to talk unless we're willing to do things that aren't real, adopt these amorphous caps and slash Medicare even for middle class people, and I'm not willing to do that.

Q. Did you talk to Senator Coverdell?

The President. Yeah, I've met with the whole Republican caucus. And I meet with the Republican leadership, with the Democrats every other week.

Q. What have you learned about your ability to rally your own troops? You talked about under Republican resistance, but some of the strongest resistance has come within the party.

The President. Well, I think you should not assume—the Democratic Party, first of all, is much more diverse than the Republican Party but, secondly, has been much more unified with me than the Republicans were with President Bush.

That's another thing. Look at the historical perspective. Here's a little question: There was a Republican House budget plan and my plan voted on back to back in the House. There are more Democrats than Republicans, right? Now, the Republican plan was no tax increases, the Kasich plan. He lost more Republicans for his plan than I lost Democrats for mine because it was so unfair

to the elderly, the poor, the middle class. That was the other plan in the House. Last year, 1992, when the Bush budget came up in the House of Representatives, 75 percent of the Republicans, not the Democrats, the Republicans, voted against it. Why? Because it was a political document. I mean, I have given them a real budget, and it's tough.

Let me just say one thing in closing. The reporter for the Philadelphia Inquirer, the political reporter, went out and did something that we should have arranged. I wish I had thought about it, but he did it about 2 weeks ago. He interviewed all these budget experts who work for private companies but whose job it is to know about the Federal budget. And he wrote an article which said that the consensus was that my claims were accurate and that Senator Dole's attacks were not. And the budget expert for Price Waterhouse, not an employee of my administration, said that the budget we had presented was the most honest budget in more than a decade and the only thing that was wrong with it was that it would produce more deficit reduction than I was claiming. And we can get you a copy of the article. It was very impressive.

But I think the Democrats, when you think about the withering attack that they have been under, constant misinformation, and almost no way to get the facts out except through their newsletters—and we have begun to run ads for some of them now, those that have been subject to ad attacks—I think there's been a remarkable cohesion in a very diverse party because there is now a consensus that the time has come to do something about the deficit and to try to grow some jobs. And that's what we're trying to do. And I think they'll do it before August 5th. I'll be very surprised if they really want to go to an August recess, have all this unresolved, and come back here and fool around in September and October and not deal with the other problems of America. I think it will be a mistake, and I don't think they'll do it.

Thanks.

NOTE: The interview began at 3:59 p.m. on the South Lawn at the White House.

Remarks to the National Conference of State Legislatures

July 27, 1993

The President. Thank you very much, Art. Thank you for your leadership of the National Conference of State Legislatures, and thank you for your friendship to me. And most of all, thank you for giving me the chance to speak with all of you by satellite today.

It wasn't very long ago that you and the other leaders of the National Conference of State Legislatures came here to Washington along with some State legislators from California to speak about the specific problems of their State. I understand your incoming president, Senator Bob Connor from Delaware—perhaps he remembers, as I do so well, stopping in Wilmington last fall when my voice was so bad I could barely speak. I hope you're all able to hear me a little better today.

And to all my friends from Arkansas, let me say I do miss you, and there are plenty of days when I would trade with you. But after all, I asked for this job, and most of the folks in the Congress do want to move this country off dead center and move it forward, and I'm convinced we're going to break the gridlock and go forward with your help.

President Franklin Roosevelt once said that, "What this country needs is bold, persistent experimentation." As a former Governor who has worked with you to redefine how our Government can best meet the needs of our people, I think I know what that means. Most of you in this audience and most of the Governors with whom I work really have worked hard for a long time now to represent the laboratories of reform, whether in the cause of reinventing Government or controlling health care costs and providing health care to people who don't have it or giving people the dignity to move from welfare to work or to build an ambitious set of national goals for education or to devise State strategies for generating jobs and income.

For more than a decade, I have worked on these reforms with you. Now, as President, my administration aims to establish an historic partnership between the White

House and the statehouses to give you the freedom to experiment in bold and innovative ways to meet the unique needs of people in your own States. The first order of business, as you know, must be to reclaim control of our economic destiny. Here in Washington, I put forward an ambitious economic plan that finally does something serious about the deficit, reducing it by \$500 billion to be locked away in a deficit reduction trust fund, the largest deficit reduction program in history, with \$250 billion net in real, enforceable spending cuts. This plan restores tax fairness. For every \$10 we reduce the deficit, \$5 comes from spending cuts, \$4 comes from taxes on the wealthiest 6 percent of Americans, and only \$1 from the middle class, with working families under \$30,000 held harmless.

This plan keeps faith with the hard working middle class, because over the course of a year, the average middle class family of four would pay about \$1 a week. The plan is designed to restore our economic greatness by cutting the deficit and by getting on with the business of investing in our future. And you at the State level know that we have to do both. You couldn't run your State budgets with the kind of deficits we have, but if you didn't invest and give incentives to the private sector to invest, you know you wouldn't be able to meet the global competition.

So indeed, we must invest more to start new businesses, to create new jobs, to rebuild our infrastructure, to train our workers for the jobs of tomorrow. Our plan invests in our people and their education and their training as workers and new police officers on the streets and in new technologies that will boost economic growth and help to put our defense workers back to work. And analysis shows that this plan will create in California alone roughly 1.9 million jobs by 1996. As Government borrows less, interest rates will go down, and America will invest more.

Since I was elected President and it became clear that Washington would now be serious about deficit reduction, the financial markets have reduced long-term interest rates to historic lows. That means lower mortgage payments for middle class homeowners, particularly in California where property values are so high, and better loans

for small business entrepreneurs who create a majority of our new jobs. It also means lower interest rates for cars and consumer loans. I'll bet there are people here at this convention who have refinanced your own home in the last 6 months and are saving a lot more money in lower mortgage rates than you'd be asked to pay in the modest fuel taxes. If we can keep these interest rates down for a year, this economic plan will pump between \$50 billion and \$100 billion of new private investment back into the economy by the end of the year. In the end, it all comes down to this: a choice between change for the better or more of the same.

We've seen the cost of gridlock, and the price is simply too high. We cannot afford for Washington to put off the hard choices or pass them on to people like you in the States any longer. It's time for us to act to get our own house in order.

We have to keep pace with the economic changes that are going on in the world. We have to decrease the deficit, lift the skills and wages of workers, open opportunities for young people who work hard and play by the rules.

I know you've got some questions for me, and I want to get to them in a moment. But first, let me tell you about one more issue, an announcement I made just a few hours ago with Vice President Gore and Attorney General Reno. I know it concerns people in San Diego a great deal, and it concerns many of the States which you represent.

Earlier today, our administration took new critical steps to control the growing problem of illegal immigration. America will continue to welcome new citizens into our family with honor and with dignity. But we will not allow terrorists and smugglers to dishonor the millions of immigrants who live here lawfully and contribute to the vitality of our society.

We will, first, expedite the process to exclude undocumented aliens without credible claims to asylum. Second, toughen penalties in law enforcement efforts to crack down on gangs of so-called "coyotes," or organized crime syndicates who smuggle illegal aliens to America by boat. And third, increase funding for up to 600 additional border agents and the training and technology they need to be effective.

We will not surrender our borders to those who wish to exploit America's history of freedom and justice, to engage in terrorism against Americans or traffic in human cargo. By correcting the system, by moving against those who traffic in cargo, and trying to make it far more difficult for terrorists to travel to this country, we will also protect the immigrant who comes to America legally to live by our laws, work for a living, and to pursue the American dream.

I'm very grateful to the Vice President for coordinating these initiatives since we began this effort on June the 18th. And I also want to thank California Senators Feinstein and Boxer and the Hispanic Caucus and Congress for their aggressive work in trying to resolve this difficult issue through a balanced approach.

Now, I know you have some questions, and I want to answer them. I ask, finally, for your partnership: passing this economic plan, moving forward to the reinventing Government program, to a new health care program which will alleviate enormous pressures on your budget as well, and to helping you fight the battles against crime and for welfare reform, and to open the doors of college education to the citizens in your State. All that awaits the successful conclusion of the struggle in which I am now engaged and for which I seek your help.

The floor is yours. Thank you.

Unfunded Federal Mandates

Mr. Art Hamilton. Thank you, Mr. President. Our first question will be offered by State Senator Robert Connor of Delaware, president-elect of NCSL.

Mr. Connor. Good afternoon, Mr. President.

The President. Good afternoon, Bob.

[Mr. Connor thanked the President and asked if he plans to relieve the burden of unfunded Federal mandates.]

The President. Yes, I can. First, I have to be careful what I say because I've promised the Vice President faithfully that we would not dribble these recommendations out a little at a time but instead we'll try to present them in a package.

But I'd like to mention just two things if I might and to offer you an invitation. First,

I want a part of this reinventing Government to be a reaffirmation of the idea that the Federal Government should not continue to put unfounded liabilities on the States. Second, I would like this report to also specifically outline some areas in which we can deregulate our relationships with the States and with local communities as well, where we can provide the funds that come from the Federal Government and the partnership that comes from the Federal Government without so much front-end regulation but instead evaluating whether these programs work after you've been given a chance to implement them. I hope both those things will be a part of the final report.

In that connection, I want to invite you again, and I know you've been consulted before, to give us collectively or any individual in this audience to present to us any specific recommendations you have for the kinds of things we could do that might save the taxpayers money, save you bureaucratic headache, and still put more funds or other resources into your hands so that you can actually solve the problems of the people that you are closer to than we are here in Washington. And I want to invite you to do that. We still have a few weeks left before we finalize the program, and any specific suggestions you have will be most welcome.

Energy Tax

Mr. Hamilton. Mr. President, thank you. Our next question comes from Karen McCarthy, representative from Missouri, vice president, National Conference of State Legislatures.

[Ms. McCarthy asked if the proposed gas tax in the President's economic program will be dedicated to the highway trust fund.]

The President. Well, that's a subject, actually, that is now being discussed in the conference. It was raised with me for the first time today, actually, and I say that because you have given me a little impetus now to get more involved in this question. As you know, when I proposed the Btu tax, I thought the compromise would be one that saved the Btu tax without imposing it on production. I still think that was a better alternative. But the Senate fuel tax proposal seems destined to, in some form or fashion, become a part

of the conference. And I will take that issue up with them. I want to make sure you understand, however, that even if it is put into the trust fund for the period of the deficit reduction, it still has to go to that. Of course, after that, it could then be freed up for the original purpose for which it was intended if we had done what we ought to do by then, which is to control health care costs and otherwise change the Government so we're moving toward a zero deficit, which is what our ultimate goal ought to be. But I will consider that. I never even thought about it until the last day or so, and I appreciate you bringing it to my attention.

Block Grants

Mr. Hamilton. Mr. President, our next question comes from Senator Bud Burke, president of the senate in Kansas and the immediate past president of NCSL. Bud.

[Mr. Burke asked the President if he would support legislation that would consolidate Federal programs into flexible grants.]

The President. Senator, let me ask you a question. Have you presented that specific proposal to the Vice President's task force on reinventing Government? Do you know the answer to that?

Mr. Burke. Yes, we have. And we've also discussed this proposal with congressional leaders over the past 3 years.

The President. Let me tell you that, generally, I am very favorable to that sort of approach. I must say I was disappointed when we were trying to pass the emergency jobs package earlier in the year, that there seemed to be so much resistance or at least so little enthusiasm among Members of the Congress in both parties for the community development block grant program. I don't know what your experience has been in Kansas, but in Arkansas, I can tell you that if it hadn't been for the CDBG funds and the flexibility they gave us, it would have been very difficult for us to have the kind of aggressive economic development program we had when I was Governor.

So I am generally very favorably inclined toward consolidating specific programs into larger block grants. I will look at the specific proposal; I will review it; I will discuss it specifically with the Vice President about in

terms of what role it should have in his final recommendations.

But I have to say that we're going to have to do a little work on Members of Congress from both parties to increase their enthusiasm for the block grants. I don't quite know what the problem is, because it seems to me that the evidence is clear, at least based on my personal experience, that Federal money goes farther, does more good, has a bigger impact if we stop trying to micromanage it and overregulate it and instead let it be spent where the people and the problems are. So I'm very sympathetic, but I want to be candid. I think we've got a little work to do to bring the Congress to where we are.

Banking and Community Development

Mr. Hamilton. Mr. President, our next question comes from Assemblywoman Gwen Moore of California, who is a majority whip of the California Assembly.

[Ms. Moore asked the President if he opposed efforts to preempt State laws related to interstate branch banking and community reinvestment.]

The President. Let me first, if I might, make a comment in reference to the first thing you said about California, because we now have legislators from all over America there. I want to make it clear that I got hired by all the American people to revitalize the whole American economy. But we can't get there unless something is done about California.

California has 12 percent of the country's population, 21 percent of the country's defense budget, took about almost 40 percent of the cuts in the last round of base closings, has taken a huge percentage of the cuts of defense cutbacks, and therefore is a net drag on the whole rest of the country when we have to pour money in for welfare, for food stamps, for unemployment, for maintenance programs, instead of having California do what it has done for much of the last 20 years, which is to lead the vibrant economic growth of America. So it is critical to all of you in the audience, whether you're from California or not, that something be done to deal with what is otherwise the world's sixth biggest economy.

Now, to go back to your community development question. I'm from Arkansas; my people have an interest in this. Everybody does. Now, let me say about the community involvement issue. I believe strongly that the Federal Community Reinvestment Act should be easier to follow and more clearly enforced. There is a way that we can make it less bureaucratic and still more easily enforced.

I believe that we ought to create partnerships, as you know, for community lending institutions all across America. There is clear evidence in the South Shore Bank in Chicago, in the Southern Development Bank in Arkansas, in the community initiatives in North Carolina and a lot of other places in this country, that you can make loans to poor people in distressed areas and make free enterprise work, create jobs, and move people from welfare to work. That clearly mostly is going to have to be done by people at the local level working in partnership with the bankers. Therefore, I do not see any need to preempt whatever State laws might be also adopted with regard to community investment priorities or initiatives.

In terms of interstate banking, the other question you asked, that hasn't come up yet. I know of no reason that we would want to do that, and I certainly won't make any move or make any final decision on it without consulting you and the Governors and others at the State level who have an interest in this.

Ms. Moore. Thank you very much.

Health Care Reform

Mr. Hamilton. Mr. President, our last question will be offered by Senator Don Wesely of Nebraska, who is chair of our assembly on the legislators.

[Mr. Wesely asked the President when he will announce his health care reform package and if it will allow States to continue experimenting with programs of their own.]

The President. We expect to come forward with a package after the budget passes, that Congress has made it clear that they do not want to deal with an issue as major as health care while the budget was still on the griddle.

I think that it's also clear that we're going to be able to do far more at lower burden than had originally been assumed in terms of providing basic coverage for the unemployed, uninsured, locking in people to some coverage even if they have some preexisting health condition or someone in their family does, and promoting some significant insurance reforms and Government reforms to simplify the administrative costs.

I think there needs to be a sort of baseline comprehensive care package that every American has access to. But I also believe the States should be left a considerable amount of freedom to experiment with whether they want to provide other services or alternative delivery networks or alternative financing systems. So I think you can look forward to seeing a fairly significant amount of State flexibility here.

It's interesting, if you go back and look at the Canadian system, they've started that in one Province. We now have a lot of States trying different things. Hawaii, for many years, has provided some health insurance to virtually all their employees, although not all children were covered. But they did more sooner than anybody else. Now you've got Washington State, you've got Minnesota with new plans, you've got Kentucky and Vermont with plans on the griddle, a lot of other things being considered. So I think we need to maintain the elbow room and the creativity of the States in solving some of these problems, but there needs to be enough of a framework so that no one fears being left out and so that there's enough systematic change to bring these cost increases down. We have got to get health care costs down closer to inflation, plus population growth, or we're never going to turn this economy around in the long run. We're spending 14 percent of our income on health care, and only one other nation in the world, Canada, is even over 9 percent of income, and they're just barely over.

So we are going to have to have some uniformity, but I want the private system to remain in place, and I want as much flexibility for the States as possible.

Mr. Wesely. Thank you, Mr. President.

[At this point, Mr. Hamilton thanked the President for participating in the program.]

The President. God bless you, Art. Thank you all, and goodbye.

NOTE: The President spoke at 5:10 p.m. in Room 459 of the Old Executive Office Building. A tape was not available for verification of the content of these remarks.

Statement on the Death of Matthew Ridgway

July 27, 1993

There can be no greater tribute for a patriot than to say he spent his life serving his nation. General Matthew Ridgway was such a patriot. He fought for our liberty and in opposition to tyranny through two great conflicts, World War II and the Korean conflict. Through his efforts, General Ridgway became one of our most venerated military leaders. His greatest legacy is the freedom his tireless work helped preserve and promote.

Hillary and I wish to extend our condolences to Mrs. Ridgway and the rest of his family. We all owe a debt of gratitude to Matthew Ridgway, soldier and patriot.

Proclamation 6582—40th Anniversary of the Korean Armistice

July 27, 1993

*By the President of the United States
of America*

A Proclamation

The friendship between the United States and South Korea is one formed in blood, for our troops fought shoulder to shoulder in defense of freedom. On the 40th anniversary of the signing of the Korean Armistice, it is appropriate that we honor those who fell in defense of freedom and human dignity and that we strive to create a new vision of how

we as a community of neighbors can live in peace in the post-Cold War era.

When President Truman sent American troops to Korea's defense 43 years ago, he said he aimed to prove that "Free men under God can build a community of neighbors working together for the good of all." The joint efforts of the United States and South Korea since then have benefited the citizens of our two countries and the peoples of the Asian Pacific region. Our relationship has made that region more secure, more prosperous, and more free.

I join with all Americans in paying tribute to those who served in the Korean War and in remembering those who died in that conflict. We must not forget the lessons we learned—the Korean War must not be the "Forgotten War."

Veterans of Korea served America valiantly during one of the most destructive wars of this century. Their experiences remind all Americans of our great debt to those who have risked—and sometimes lost—their lives in defense of our liberty. As a Nation, we must always remember the sacrifices made by our men and women in uniform and by their families. I salute the distinguished service records of our veterans, as well as the sacrifices that they have made for America.

Now, Therefore, I, William J. Clinton, President of the United States of America, by the authority vested in me by the Constitution and the laws of the United States, do hereby urge all Americans to observe July 27, 1993—the 40th Anniversary of the Korean Armistice—with appropriate programs and activities.

In Witness Whereof, I have hereunto set my hand this twenty-seventh day of July, in the year of our Lord nineteen hundred and ninety-three, and of the Independence of the United States of America the two hundred and eighteenth.

William J. Clinton

[Filed with the Office of the Federal Register, 2:36 p.m., July 28, 1993]

NOTE: This proclamation was released by the Office of the Press Secretary on July 28, and it was published in the *Federal Register* on July 30.

Exchange With Reporters Prior to Discussions With Freshman Congressional Democrats

July 28, 1993

Bosnia

Q. Mr. President, are you going to send air power to Bosnia?

The President. Let me say, I saw the stories this morning. The position of the United States has long been that if the United Nations troops were attacked there, we would do our part to protect it and by making available air power. We have not yet been asked to do that. If we are asked, that's something we'll give good consideration to. But we have not been asked to do it, and I—

Q. The French did not ask you?

The President. Not yet. But we've had some conversations with them. I'm very upset by the shelling of Sarajevo. And we're going to take a look at what the situation is and what the options are. But they have not formally asked yet.

Q. Does that mean the answer could be—a request is made that the answer will be yes, sir?

The President. It means just what I said. It means that the United States has always had the public position and the private position—we've made it very clear that if the United Nations operations in Bosnia were attacked, we would be prepared to defend them with air power. And we have not been asked yet. If we are asked, that's something we will seriously consider.

Q. You certainly are expecting it, aren't you? I mean, Bosnia has been attacked and they are on the—

The President. We'll just have to see. I am going to be reviewing it in the next couple of days. I asked the Secretary of State to come home to discuss the Middle East before he goes to the Middle East. So he will be here. We'll have a chance to discuss it, and as soon as we make a decision we'll let you know.

NOTE: The exchange began at 8:34 a.m. in the State Dining Room at the White House. A tape was not available for verification of the content of this exchange.

Remarks Following a Luncheon With Business Leaders and an Exchange With Reporters

July 28, 1993

The President. Thank you very much. Please be seated. First let me thank all the business leaders who are here: Felix Rohytan, John Johnson, Ron Hall, Harry Buckley, and Mike Walsh for the fine words that they said but all those who are also on this platform behind me today. They represent companies of all sizes and shapes from Main Street to Wall Street.

They're here united in an unwavering desire and commitment to the health of the American economy over continued political rhetoric, to productivity over politics, to action over gridlock. They are here, just as I am, not because anyone agrees with every last line and jot and tiddle of this economic program as it will doubtless come out of the conference, but because of what it does and because it does far more good than harm; because it brings down the deficit by \$500 billion; because it has an equal apportionment of cuts and new revenues; because the revenues are fairly apportioned. And I was very proud of the speakers because the people who are up here with me are the ones who are really going to pay all the revenues that others are complaining about. And they have determined that they will do it to bring the deficit down, to keep interest rates down, to restore the stability and health of the American economy.

We talked a lot today about a few other issues at lunch, and I just would emphasize what I have tried to emphasize before, which is that over 90 percent of the small businesses in this country will be eligible for a tax cut if this plan passes; that working families with incomes under \$30,000 will be held harmless; the working poor with children in their homes who spend 40 hours a week on the job will, for the first time, be able to work themselves out of poverty; that we have new and important incentives for high tech companies, extension of the incentives for research and development, and a real commitment to grow this economy.

I want to say again, as I have on so many other occasions, that for every \$10 of deficit

reduction, \$5 is in spending cuts; \$4 in new revenues from the upper 6 percent of the American work force; and \$1 from middle class families with incomes of between \$30,000 and \$140,000.

The people on this platform today represent what makes America work—the fact that they have become more involved in this, that they are willing to put their own names on the line. And many of them are Republicans; some are Democrats; some are independents. They're all united here because they're Americans, and they know that we've neglected our problems long enough.

I thank them for their presence here, for their willingness to lobby the Congress. And I assure them that together our best efforts, I believe, will produce a victory in this economic battle.

Thank you very much.

Bosnia

Q. Mr. President, if I could turn your attention to the situation in Bosnia. The United States has long promised to provide air support if U.N. peacekeepers are threatened. French peacekeepers have now been fired on for 2 days in a row. Are you now prepared to deliver your air power, and would that alone be enough to deter Serbian aggression?

The President. We are prepared to fulfill our commitments, yes. The procedure is as follows: The United Nations forces in Bosnia must ask the Secretary-General of the United Nations for assistance. He will then relay that request to NATO, and we would act through NATO. And the answer to your question is, we are prepared to move if we are asked to provide that assistance by the Secretary-General.

Will it be enough to deter aggression, to stop the shelling of Sarajevo, to bring the parties to the peace table? I don't know. But we are prepared to do our part.

Q. Mr. President, do you feel that the United States and its NATO allies already have the assets in place, the air power and the air traffic controllers to go ahead with these kinds of air strikes? And what does your gut tell you? Do you think the U.S. and its allies will be bombing Serbian targets in Bosnia within the next few days?

The President. There are a few questions on which a President's conversation with his gut should not be made public until the facts present themselves. [Laughter] Let me say this: If the request comes, we certainly can be prepared. NATO can be prepared within a very brief time span.

Middle East

Q. [Inaudible]—bombing—near silence of the United States during this fourth day of bombardment of Lebanon—the civilians being driven from—is being interpreted in the Middle East as supportive of these assaults. What are you going to do to stop the bombing, and would Christopher really be welcome in these outraged capitals?

The President. The reason I asked—well, I didn't ask; Secretary Christopher and I had a conversation, and we agreed that he should come home—is because we are so concerned about what is going on in the Middle East. I think Hezbollah should stop its attacks, and I think Israel should stop the bombardments. I think that Syria should go from showing restraint to being an active participant to try to stop the fighting. And we ought to do whatever we can to stop the fighting as quickly as possible.

Economic Program

Q. Mr. President, on the subject of the budget, at least eight Democratic Senators, possibly as many as 10 or 12, have said that they are leaning against voting for it. And five Democratic Senators have written to the conference committee chairman and have said that they do not want the gasoline tax or any form of energy tax. Do you believe you will have to make major compromises, such as eliminating the gasoline tax entirely, in order to get it past the Senate? How do you propose to get Senator—

The President. I don't.

Q. —Boren and Senator Nunn—

The President. I don't, because I haven't—no one's answered the question that—almost all the ones who say that also say I want \$500 billion in deficit reduction and, by the way, put all the economic incentives for growth in. It becomes an arithmetic problem at some point. And that's really basically what it is. The fuel tax that's in there now is modest. It will not promote a great

deal of energy conservation. It has very little environmental significance. The real question is, is it necessary to get \$500 billion in deficit reduction to have real tax fairness in terms of what's provided in terms of the earned-income tax credit and to have the economic incentives. And no one so far has been able to give a credible alternative. So I would say to you I think our plan is still the best one on the table.

Q. You've been meeting one-on-one with them. Have you been able to persuade any of the opponents to switch?

The President. Let me say this: The atmosphere and discussions here is not as bad as—if anything, it's a little better than it was before the initial votes were taken in the Senate and the House. We'll just have to see. I mean, I think in the end a lot of them, whatever the situation is, they're going to have to make up their minds whether the consequences of voting no for the country are graver than the consequences of voting yes. If that's the question, they'll all vote yes.

Bosnia

Q. Mr. President, I just want to clarify on the Bosnia situation. Is it your interpretation that if we do engage in air strikes there, that we will go not after the source of fire if it can be identified but also, if necessary, against other Serbian targets, headquarters, or logistical sites? And just as a followup to that, if I could, are you concerned that in doing this that we'll send a signal possibly to the Moslems that it could be overinterpreted by them that the cavalry is coming and maybe now they should hang back a little bit?

The President. Let me try to answer both questions. First of all, I have not yet had a meeting with the Secretary of Defense and the Chairman of the Joint Chiefs. I have not been briefed on our options. And I don't think I should comment on that at this time.

Secondly, we have, at the request of President Izetbegovic, agreed to have Reg Bartholomew go and participate in the discussions about whether a peace agreement can be reached. We have made it clear to all the parties all along that we would never seek to impose an agreement on the Bosnian Government. We've also made it clear to the

Bosnian Government that we think that they should always be willing to talk, but we're not going to try to impose a settlement on them. I think that they know that our position would be that we should continue to discuss a peaceful resolution to this.

Middle East

Q. Do I detect correctly, sir, a slight shift in your attitude towards Syria, which you commended yesterday for its role in the current trouble in the Middle East? And do you think you might have been too hasty yesterday and have you changed your mind?

The President. No. I don't think anybody thought that Syria was exactly behind Hezbollah. I just believe that they could do more. I think it's now time for all the players to do more to bring an end to the fighting. I think Syria, and Israel, Jordan, the Palestinians, and the Lebanese, everybody except these political groups that make their living from the continued misery of the Palestinians, everybody else has a vested interest in continuing the Middle East peace process, and I hope that we can get it going again.

NAFTA

Q. On the free trade agreement, you are coming to the end of the collateral negotiation with Canada and Mexico. I understand they'll be meeting here tomorrow—country are talking about—deficit reduction. What new facts are you getting from them on the free trade agreement, are they backing you on that?

The President. I think most of them are for it. I certainly hope they are, and I believe they are. I'll take one more.

Bosnia

Q. Mr. President, Boutros-Ghali has said in the last few hours that he thinks the NATO air cover should be able to start early next week. Based on what you know about it now, and this plan has been around since May, how do you calculate the risk? Do you feel like you have any obligation to go to Congress before that first plane takes off or to go to the public with this?

The President. I think I should wait. I asked the Secretary of State to come home to discuss the Middle East. He is now home.

I want to talk about Bosnia with him, with the Secretary of Defense, with some others, before I decide on what next has to be done. I think that the commitment that we have had all along to defend the United Nations forces there if they were attacked is, I think, fairly clear and has been highly publicized. But of course, if we have to take any action, I will have appropriate consultations with Congress and appropriate conversations with the American people.

Thank you.

NOTE: The President spoke at 2:12 p.m. in the East Room at the White House. In his remarks, he referred to Felix Rohytan, senior partner, Lizard Freres; John Johnson, chairman and chief executive officer, Johnson Publishing Co.; Ron Hall, president and chief executive officer, Citgo Petroleum Corp.; Harry Buckley, president and chief executive officer, H&R Block Tax Services, Inc.; Mike Walsh, chairman and chief executive officer, Tenneco, Inc.; and Alija Izetbegovic, President, Republic of Bosnia-Herzegovina.

Interview With the Texas Media

July 28, 1993

The President. It's nice to see you all here. And I know you've all received other briefings today. And so I think that probably the best thing to do would be to start, and I'll answer your questions.

Texas Senatorial Election

Q. [Inaudible]—we are aware of the fact that did carry the State in the election last year. And more recently Texas rejected the Democratic-appointed Senator in what some people, such as Senator Gramm, characterized as repudiation of you and your policies. So to paraphrase Admiral Stockdale, why are we here?

The President. [Inaudible]—several others who wanted to support it and felt that there had never been an adequate defense made in Texas. I thought, given the fact that I had two Texas opponents, I did rather well there in the last election. And I don't, with all respect, I don't think the Senate race in Texas was a referendum on our program, because nobody defended it; nobody said what was in it.

There have been four special elections in the Congress: three in the House, one in the Senate. The Democrats won all three in the House. But frankly, only one of those races was a referendum on the program, because it was the only place where the Democrat on his own initiative defended the program—without my even knowing it, put my picture in his brochures, ran television ads explaining to the people what was in the program. And he won the race by nine points in a district in which a lot of upper income people live who would have to pay the higher taxes.

So you can't have a referendum on a program if the people don't know what's in it. If anything, if I've made any mistake in this, it is that this is the only issue in my lifetime where the people knew less about it as time went on. That is, on February the 18th when I spoke to the country, I actually went through chapter and verse factually all the things that were in this program and how they fit with what we wanted to do in health care, welfare reform, the crime bill, all the things that are coming afterward. But I said who was going to pay the taxes, what the spending cuts were going to be.

After that, because there was no fight over the spending cuts, people were not told there were any, and the rhetoric against the program took over. So I think I owe it to the people of Texas to at least put my case out there. And I certainly owe it to the Members from Texas who supported the program because they think it's the right thing.

Taxes

Q. [*Inaudible*]*—*Corpus Christi. It's a community that's just now coming out of recession, and they're doing it, probably they're diversifying. What can you say to reassure folks who have been hearing about this gasoline tax, people who are in the tourism industry who depend on people driving to come see us and our attractions, people who in the refinery industry who are dependent on—and the people, the trucking industry, agricultural and so forth? What can you say to them that will put them at ease about what may be coming out of this conference committee?

The President. I don't think the conference committee is going to adopt anything

in the range of a dime, nine cents, eight cents, anything like that. I think, first of all, gasoline is at its lowest real price adjusted for inflation in more than three decades. I think that any tax they put on it will be modest and will amount to no more than \$50 a year for a family of four with an income of \$50,000 a year, about \$1 a week to help to pay down the deficit. All the money will be put in a trust fund and can only be spent to reduce the deficit.

And I think that it is a bearable burden. It was not, as you know, my first choice. We had a compromise Btu plan that was never really considered that exempted agriculture, exempted all production, and broadened the base of the tax to even it out a little. But I think that this is something that we can clearly manage given the fact that gasoline is at its lowest real price in 30 years.

Q. [*Inaudible*]

The President. Well, I told you what it will amount to. It can amount to about a dollar a week for a middle income family, a family with an income of \$40,000 to \$50,000 a year. I don't think that will be a significant burden.

And in terms of the energy industry, we had people from three energy companies here today, ARCO, Sun Oil, and Citgo, as well as the CEO of Tenneco here supporting the plan because they believe that bringing the deficit down, keeping interest rates down, which the deficit reduction plan is doing, enabling people to refinance their homes and business loans, and stabilizing the economy will do far more good than this will do harm. And I believe that, too.

Super Collider

Q. I know you support the SSC, but about a week and a half ago, you strongly criticized Senator Gramm and Senator Hutchinson for calling for spending cuts while the House vote was going on. I think yesterday Senator Gramm sent you a letter urging you to pick up the pace of your support for the SSC. Can you get together with them and keep this project—

The President. I'm a strong supporter of that project. And I worked it in the House. But, you know, the timing was amazing. I mean, I couldn't believe that they would walk

out on the steps of the Capitol with Ross Perot and begged the Congress to cut spending more and rail against taxes and give people the impression that there was some huge middle class tax burden in this thing, which is false. After the Senate Finance Committee had met and the Republicans offered not one single specific spending cut in the Senate Finance Committee—not one, not one dollar—and then, they go out on the steps of the Capitol, while we're doing our best not to get beat too bad in the House, hoping we can do what we did last time, pass it in the Senate and save it in the conference.

You know, this is tough. I mean, you've got all those Congressmen from California. They took 40-something percent of the base-closing cuts this time, a State with second highest unemployment rate in the country. They take 40-something percent. Their Congressmen line up and vote for this program to benefit Texans with lower interest rates and a more stable economy. You know, and they say, "Here's a State with a space station. Here's a State with all the benefits from the super collider." All they want to do is gain the political benefits of all this Federal spending and the political benefits of railing against the taxes and not have to take responsibility for proposing specific spending cuts. And it's just a little too much to swallow. You've got to put yourself in the position of people from other States. And so, they said, "Let's just lob them one." And so we lost by this breather-taking margin, far worse than we lost last year.

And then, of course, they want to disclaim any responsibility for that. I don't blame them, but I'm telling you—put yourself in the—suppose you were from Idaho or Utah, or someplace that had hardly any of this stuff. Nobody's writing you Federal checks every month. You don't have hundreds of scientists and engineers and high-tech employees. It's just difficult for these Members that I'm lobbying to take.

We came very close to losing the space station in the House. And two supporters of mine who were in a group that had already come against the space station stood down there in the well and waited until the last votes, and they realized that it could not pre-

vail unless they changed their votes, and so they went down and voted for it.

And that's how we saved the space station in the House. So, all I'm saying is, I believe in the super collider, and I believe in the space station. I believe we have now saved the space station, and I feel very good about it. And now I can sort of gin up my efforts on the super collider. We've got to pass it in the Senate to have any hope of getting it out of conference. All I can tell you is, you have to put yourself in the position of people from other States who have been asked to take the tough votes, take the hits, who've already voted for \$250 billion of spending cuts, and then they're told by people who stand on the steps of the Capitol they hadn't cut spending. It just was difficult for them. And I thought it was kind of an interesting irony that at least they could have waited a day to do it, you know. They could have had the good grace to wait instead of just rubbing the Congress' face in their rhetoric.

Getting the Message Out

Q. Why not talk about the economy if learning about the economy and learning about the problems with the economy and how deficit reduction can help the economy? Why not talk to the whole country about the economy, rather than each State individually?

The President. Well, I intend to do that also. But one of the problems is that, as those of you who are in this town know, what really makes news is controversy. I mean, the President can't just go talk to the country whenever he pleases. Last time I talked to the country, this program had good support because I was able to give out all the information. Since then, it's just been rhetoric, 10-second sound bites, taxes, or "it's spending, stupid," or something like that. And the whole facts don't get out.

So one of the things I can do to reach the whole country is to spend more time with media from many States. We're doing this with a lot of States. I will, I hope, have the chance to address the country again. But I tried to do this in a national press conference, and only CNN and one network covered it. And by the way, the research showed that

the people who saw it on the network that covered it had their attitudes markedly altered about the economic plan. So I'm doing the best I can to get information out.

NAFTA

Q. [*Inaudible*].—Corpus Christi. But we live in an area, because we're so close to the border that if things go sour in the U.S., we get hit; and if things happen in Mexico we feel it also. So we're looking at the North American Free Trade Agreement. Can you bring us up to date on that one?

The President. Yes. We're making good progress on our efforts to achieve agreements relating to the environment and labor standards. The last reports I have are quite good. And I think that when those agreements are finalized and announced that we will really diminish at least the fervor of some of the opposition to NAFTA. We're also making good progress in getting a broad base of support for it. And I still believe we can go forward with it and pass it this year. There is an awful lot of opposition to it in the House and some in the Senate. You may have seen recently that some Congressmen were asking me virtually to delay consideration indefinitely. But we have to take it up this year. And I expect to do that.

And I think the more we talk about it—I think the important thing with NAFTA is to try to—as I believe with a lot of these things, by the way. And because NAFTA will have bipartisan support and bipartisan opposition, we may be able, funny enough, to have a calmer conversation. We may be able to talk to each other as if we're all in the family.

I mean, one of the things that I tell people about NAFTA, is I was Governor of a State where people shut their plants down and moved it to Mexico. I know a lot about that. But the point—if we have no NAFTA, as you well know, that will continue or could continue. NAFTA is not about stopping that or accelerating that. That is virtually irrelevant to what we're trying to achieve. And I think it's quite important.

So we're making good progress. I expect to go forward. I have high hopes. We've got a lot of opposition, but I think if we can really be calm and talk each other through it, we can make it.

Deputy Counsel Vincent Foster, Jr.

Q. We've heard conflicting stories about—this is on another subject. On the telephone call that you made to Mr. Foster, we heard at one point it was made on Sunday, then we heard it was made on Monday. And we heard, oh, it was just a routine call, because you talk all the time. And then we heard it was to buck him up. Can you sort of set the record straight?

The President. I called him Monday night because at the last minute—Hillary was gone, was still in Arkansas with our daughter. And I decided to watch a movie, and Webb Hubbell was still hanging around here. And I hadn't seen Vince in a while, and I called him. I didn't—unlike some other people, who did know that he'd been quite distressed, I was not really aware of that. But I knew I hadn't seen him in a while, and I just kind of got lonesome. Webb Hubbell and I and one or two other people were going to watch a movie. So I just wanted to watch the movie. I called him and we talked for, I don't know, 20 minutes or so. We talked about what he'd done the weekend before, talked about some things he was concerned about on the job, but it was just the sort of thing we'd always talk about. He was real work-oriented. And we agreed to meet on Wednesday. And that was it.

House Budget Language

Q. There has been a difference between the House and Senate on capping entitlement programs. What is your position on that?

The President. You mean because the House version has stronger language in it?

Q. Right.

The President. Well, I'm glad you asked that. Now, here's something you all can help on. The House version, first of all, has some disciplined language in there with dealing with the entitlements and also has some language which says that—well, first let me say, we adopt 5-year budgets around here. I think you know—all of you, or the groups that you work for—it's very hard to adopt a 5-year budget with exactitude. I mean, nobody can see the 5 years with absolute precision.

So what this House bill does that had never been done before is not only to put all this

money in a trust fund so it can't be spent on anything else but to say if we miss the target in any year, in any of these areas—you know, the targets on discretionary spending, entitlements, or revenues—whatever reason, we don't make our deficit reduction target, under this bill, the President must propose a plan to correct it, to meet the target, and the Congress must vote on it. Now, the Congress, obviously, wouldn't have to do exactly what I wanted. They could amend it, you know, but at least there's a process there for addressing the fact that we're missing the deficit reduction target.

I feel very strongly that that should be a part of the final package. You need to know what the problem is. Under the rather arcane rules of the Senate, this reconciliation, economic budget plan, is just about the only thing—I think the only thing that does not require—it's not subject to a filibuster. So if you get one more vote than half, you win, and it can't be filibustered, because the country has to have a budget.

But if there is any subject in this reconciliation bill that does not directly relate to the budget itself, it can be challenged and then, in effect, you can require 60 votes to put it in there. This mechanism has been challenged by the Republicans in the Senate, even though I believe 100 percent of them are for it. I mean, I believe 100 percent of them honestly want to get the deficit down and believe that this discipline ought to be in there, and they're still fighting it because it's another way to derail what we're trying to do. So the way to get it in there is for at least four or five of them to let that go in the law because it's good Government. It doesn't have anything to do with party.

Bosnia

Q. Regarding the situation in Bosnia, now that you have met with Secretary Christopher, can you tell us a little bit about your options in the air strikes?

The President. Well, we expect the U.N. forces there in Bosnia to communicate—the commander there to communicate to Boutros-Ghali what the situation is and what he wants, and then the Secretary-General of the U.N. will either make or will not make a request to NATO. And all this will unfold

over the next few days during which time the Serbs, Bosnian Serbs, either will or won't stop shelling Sarajevo and will pull back. And we'll just have to wait and see what happens.

But the United States is bound—we are committed to come to the aid of the United Nations forces as a part of NATO if they are attacked, and they have been. So we're just going to have to wait and see what happens.

NAFTA

Q. On NAFTA, are you telling all the Members of Congress what will happen to us if we have a disagreement with Mexico about rates and about products? And isn't it true that panels of young lawyers from Europe could come over here and decide questions of difference between us and Mexico about the operation of NAFTA?

The President. You mean under the agreements now being negotiated?

Q. —and come back, and regardless of what our laws were, they would be the ones to decide whether we were fair or not. And if they decide we were not fair, even if it was something that conflicted with our laws, they would prevail.

The President. Well, I haven't agreed to any specific enforcement mechanism. But one of the things that has been of some controversy is the—obviously the Mexicans have not wanted to accede control of their national sovereignty to the United States and vice versa. So the Mexican, Canadian, and American negotiators have been struggling to find a way to adopt an agreement that had some teeth in it, that has some enforcement provision, at least if there were a pattern and practice of violation on their part or on ours. And I don't think they have finalized that. Until they do, I can't really say more.

Q. [*Inaudible*]*—the Republicans in the House are saying that our sovereignty would go and you all would have to, under the rules, that you would have to give in to this panel of lawyers from outside the country who would decide these matters.*

The President. Well, I can't comment on that because I don't know what they are finally going to agree to. But I think that the most important thing from my point of view is that we have some way of knowing that whatever we agree to is going to be observed

by all countries and that it is not a violation of our sovereignty to be held to the agreements, to be held to keep our word. And we'll have to find some sort of mechanism to see that we do it and to see that the Mexicans do it. Nobody has discussed the option you just described to me, and I can't comment on it until I know whether it's a live option.

Politics of the Economic Program

Q. Back to your economic plan. The conservative Democrats on both Houses are the ones who are really key to you. One of those conservatives is a key player, Charlie Stenholm, who was visiting with you last night. He came out saying that he still is unalterably opposed to the gasoline tax. What can you tell those conservative Congressmen, many of whom come from Texas, what basically can you give them to get their vote?

The President. Well, let me tell you what they say. I mean, it's interesting what a lot of them say who aren't for the gasoline tax. They think that it raises so little money that it's not worth the political heat. A lot of them are basically tired of the partisan beating up they've gotten for trying to do something responsible about the deficit. They are frustrated that all of their attempts to put in more spending discipline—and Charlie Stenholm has done, I think, a brilliant job of that—has not generated any willingness on the part of Republicans to support any kind of reasonable budget package.

And so they're saying that this is a pure matter of public perception: "Why for a relatively small amount of money should we have any gas tax at all since it is a modest one and give the Republicans something else to beat us over the head? Why don't we just keep the upper income taxes and the spending cuts and go on?" Here's the answer to that, and it's the question I pose to them. In other words, there's no—it's just not like the Btu tax. You can't make a claim that it's promoting great energy conservation or it's good for the environment or anything. It's just a very modest attempt to raise some funds to pay down the deficit and monies which someday might go into road building after the end of the deficit reduction period but not any time in the foreseeable future.

The answer is this: If we have to pass this bill with only Democrats, there are other conservative and moderate Democrats who don't object to the gas tax but would object if we took out the economic growth incentives. And let me just mention some of them. And there are others who would object if we didn't reduce the deficit by \$500 billion or some figure very close to it. So then the issue is, if you take out the gas tax, what do you replace it with? If you just say, "Well, we'll just reduce the deficit by that much less," then you have all these people who say, "Well, you lose me because we're not reducing the deficit enough." Or do you say, "We'll take out the gas tax and we won't have any economic growth incentives." Now, let me mention some of them to just give you an example. Over 90 percent of the subchapter S, the small businesses in this country, will be eligible for a tax cut under this program because we double the expensing provisions. So any small business with adjusted gross income of under \$140,000, which is 94 percent of them, will be eligible for a tax cut under this program. They generate a lot of the jobs in America. That's a job program.

We've got a provision in here to provide capital gains treatment—big break in people who invest for 5 years in companies that capitalize at \$50 million a year or less. We took out the surcharge on capital gains to give people incentives to invest so they can earn investment income at lower rates than the personal rates. We have increased the research and development tax credit. We've increased the incentives for investing in getting real estate and homebuilding going again. That's one reason the national realtors and the homebuilders have endorsed this plan, two predominately Republican groups.

If you take all that out, you know, to keep the deficit number up, to get rid of the gas tax, then you lose a whole different group of Democrats. Then there are those who say, "Well, we don't need the earned-income tax credit. Get rid of that and get rid of the gas tax." The problem is if you do that, you lose people who represent huge numbers of working poor. Eighteen percent of the work force in this country now, including a whole lot of folks in Texas, work 40 hours a week

and still live below the poverty line. That's a stunning statistic.

Perhaps the most important social policy, if you will, that I would think virtually all Americans could agree on that this plan furthers is that this says, if you're one of those folks and you have children in your home, and you work 40 hours a week, the tax system will lift you above poverty so that nobody who works with children will be in poverty if this plan passes, once we get it fully phased in.

So if you take that out, then you lose all those Democrats that represent that. So the real problem is it's really an arithmetic problem. If you want the progrowth, projobs incentives and you want to support work instead of welfare and you want to stay at \$500 billion of deficit reduction or awfully close, how do you do it without this modest fuel tax?

The only other option that was given is further cuts in Medicare, which in my opinion, again, would lose you a lot of Democrats, both people who are concerned about middle class elderly people on Medicare and people who are concerned about doctors, hospitals, home health providers, and others who are under reimbursed now and who just have to shift their costs onto the private sector.

So if someone could solve that problem—I wouldn't say that problem couldn't be solved—but I think it is highly unlikely that a resolution of that—I'm sympathetic with Charlie Stenholm. He has been very courageous. He has been very helpful. He has done as much as any Member of the Congress in either party to really control the deficit. And nobody has a better record than he does in trying to control spending and control the deficit. And he's made a very compelling case, but I don't know how to solve it.

Economic Program

Q. Given the fact that if your plan passes—it will probably do so without a single Republican vote—do you think it would be fair for the American people to give your administration all the credit or all the blame with the economic condition of the country over the next 3½ years?

The President. No, but it'll probably happen anyway. [Laughter] That is, it will be fair

to give the administration and those who voted for it the credit or the blame for whatever impact this has. And I think it will be basically positive. We know it will keep interest rates down. I mean, you've got Alan Greenspan, who's the Republican head of the Federal Reserve Bank, who has constantly told the Congress they need to do a deficit reduction package in this range, and they need to do it immediately to keep interest rates down and to help the economy to recover.

But let me make two points. Just a substantive point—I don't want to talk about politics but just the substance of it. Number one, the country has been in an economic difficulty on and off for 20 years. The high water mark of American economic dominance was about 20 years ago. Since then the pressures of a global economy, which have punished the relatively undereducated, the relatively rural, the people that didn't fit very well in the global economy, have been building up and basically real wages of working people have been stagnant or declining, and the work week has been increasing for 20 years.

For 12 years we have followed a path that worked in the short run but caused us great grief in the long time. That is, supply-side economics, which basically says we're going to cut taxes and increase spending, took us from a \$1 trillion to a \$4 trillion deficit—debt, a huge deficit. In the short run, we came out of the recession of '81-'82 after we cut taxes and increased spending and kind of kept the lid on inflation. But in the long run we have dug ourselves into a hole now where we—for example, we actually—almost anybody—Charlie Stenholm said the other day, "We need to be spending more money helping places like California and Connecticut and some other places to convert from a defense to a domestic economy. But we don't have the money. We need to do whatever we can to train our non-college educated workers better. We don't have the money. We've got a lot of things we need to do. We can't and we're paralyzed". So I would say to you that we didn't get into this mess overnight. We're not going to get out of it overnight.

The second thing I want to say is, we need to bring the deficit down to zero. To do that, we have to pass health care reform. Then to make people more productive we need to pass our education bill and the welfare reform bill, and we need to pass a lot of other things. There's lots of work we need to do here to open new markets—you asked the NAFTA question—to get this economy turned around. But I expect to be held accountable. I just would tell you, this bill is important. Without it, we can't go forward. But it is not the end-all and the be-all.

Embargoes on Cuba and Vietnam

Q. One of the cornerstones of your whole program is to stimulate business growth. I'm just curious, do you believe that lifting the trade embargo against Vietnam at this time would benefit the economy? And a part two to that question: Do you believe that lifting the embargo against Cuba and allowing American businesses to trade in both Vietnam and Cuba would be good for the economy of this country?

The President. I believe if the embargo were lifted, some businesses would clearly benefit. I think it would be a marginal benefit to the economy in the short run because the economies of both those countries are so small compared to ours. I don't think it would have a major impact. But I don't support it for different reasons. I think the embargo against Cuba should stand until there is a real movement toward freedom and democracy. I think the embargo against Vietnam should not be lifted until we have even more assurances that they are doing everything they can to help us with the POW-MIA issue.

As you doubtless know, or you wouldn't have asked the question, I did remove the objections of the United States to letting Vietnam participate in International Monetary Fund financing, which will help them to improve, because they have taken a lot of steps since I've been President and since before I became President, starting right before I became President, to open up the country, to help us try to find the answers about our POW and MIA personnel. But I'm not confident that everything that should be

done, has been done. And until I am, I can't support lifting that embargo.

Q. I've talked to a couple of business people who say that telephone lines are burning up at the Commerce Department—[inaudible]—business people all over the country. I was in Vietnam and I met American business people who were there able to initial business contracts but couldn't sign them. I would just like to know, how much pressure are you getting from American businesses to lift the embargo?

The President. Not much. Some. A lot of the business people want to do it, but I would hope that the business community would also understand that we have a lot of families out there, a lot of relatives, a lot of friends, and a lot of supporters of the people who have served who have never been accounted for. And that while we have gotten an awful lot of information in the last few months, even that has raised questions in some people's minds as why are we just now getting it, you know, and all of that.

I think we are now getting real access to the country. We are making real progress. I just wrote a letter to the President in Vietnam, in response to a letter he wrote me, encouraging him to continue on this path. I know a lot of American businesses want to do business there, but that cannot be the sole criteria of what we do. And our first concern has to be for the POW's and the MIA's. We are moving in the right direction. Let's just hope it continues so we can continue to make progress.

Taxes

Q. The American people are now being taxed in local and State and national levels up to 50 percent of what they are making. And we look back at the serfs in Europe, and they only had to give up 30 percent of their income, and we looked at them as slaves. Why are we any better than the serfs? And why have you been so loyal to promises to the homosexual community, but not quite so loyal with your tax cut promises to the middle class of America?

The President. First of all, what you've said is not accurate. All major Western countries have higher tax rates than we do. You know, it does not serve the public debate to

tell people that Germany has had a higher growth rate than America because they have lower taxes. It's simply not true. It is absolutely untrue. National tax rates in Japan are much higher than they are here. And aggregate corporate rates in Japan at all levels of government will be higher than they are here even if my plan passes. And if you look at the percentage of income going to taxes in America, with the exception of some very high taxed urban areas, where the cost of living is very high, we compare very favorably, if this plan passes in toto, with the tax rates in all the countries with which we are competing. The problem with it is that we're not spending money on the right things. We're spending too much on interest on the debt. We're spending too much on health care. We're spending too little on things that create jobs and growth and opportunity. Nevertheless, I did not raise taxes happily here.

I was Governor of a State that was always, always, every year I was Governor, was in the bottom five States in America in the percentage of people's income going to taxes. Always. And after I had been Governor 10 years, the same percentage of income was going to taxes that was going 10 years before. I never raised taxes to balance the books. The only times we ever raised taxes in Arkansas was for schools and roads and had the support of big majorities of the American people.

I don't like this. I made it very clear why I decided to ask for a modest contribution from middle class families with incomes over \$30,000, but under \$140,000; no income tax increases until families who were basically families, if you had two earners above \$180,000. And the reason is that after the election, the Government—the previous Government, not mine—estimated the deficit over the next 5 years to be about \$150 billion bigger than they said it was before the election.

So I had to face a decision. Was I going to try to do more on deficit reduction and try to deal with this and get these interest rates down, based on changed circumstances, minimizing the tax burden all I could and still asking the top—really over two-thirds of this burden will come from the top one per-

cent of taxpayers, who got two-thirds of the benefits the last 12 years. Or was I going instead to do what was more politically popular and consistent with what I honestly believed in the campaign but not what I thought was best for Americans. And I decided the best thing to do would be to try to take account of the fact that the deficit was \$150 billion bigger than we thought and to try to respond to it. The American people will have to decide whether they think that's right or wrong.

Now, I have done my best to make the tax system fairer. I have done something for working families under \$30,000 a year. They've all been held harmless. We've done something significant for the working poor. And I have 4 more years to try to deal with further inequalities in the tax system, which I plan to do. But I think this deficit has to be attacked first, and I think I did the right thing.

Space Station and the Super Collider

Q. From a scientific standpoint, do you think the collider and space station are of equal merit? And would you be prepared to veto an energy and water preservation bill if it's not included in the collider funding?

The President. Well, I don't know if I would be prepared to veto it. Nobody has ever asked me that, and I don't know what the consequences of that would be. I think that they are different, entirely different. The space station is important technologically, and it's important for our country's continued leadership in space, which is very important. It also has enormous international implications in terms of potential partnerships with Russia and with a lot of other countries.

If we back off of this space station, other countries will move into the breach, they will push us out of an area that we plainly dominate the international economy in. They will make those partnerships, and we will be left, I think, without the leadership that we need and deserve and without the potential to create enormous economic opportunity, as well as political cooperation in the years ahead.

It's interesting, and I'm glad you mentioned it. One of the things that is very important and quite apart from the technology

is that the promise of cooperation between the United States and Russia, and perhaps with other countries just emerging, is one of the main carrots we have if you will—not a stick but a carrot—to discourage countries from doing irresponsible things with nuclear weapons, with other weapons of mass destruction, discourage them from selling them to other people. So I think that's very, very important.

Now the super collider is different. The space station is a technological wonder that maintains our leadership in an area we have already fleshed out. The super collider is science. It's research. Therefore, it is, by definition, less certain. But this country has gotten a long way throughout its history by taking a chance on things that might not be certain that promised enormous potential benefits. So the possible benefits of the super collider, the possible implications of it, in any number of areas of technology in the future, are absolutely staggering.

Sure, it might not work. It's like any investment of this kind. But that's what science is. This is scientific research. This is an attempt to break down barriers of knowledge, to see the world in a whole different way, to unlock all kinds of secrets. And we have made a major investment in this. We also, by the way, can get some other countries to invest in it, but not if they have to sit around every year waiting to see if we're going to chuck it. I mean, one of the biggest problems we've had in getting these other countries who said they'd invest in it, is they don't know from one year to the next whether we're going to keep it. And one of the things that I hope we can do this year, if we can get it passed in the Senate, get it in the conference, is to get a commitment for a multiyear continuation of it.

Now, it is more difficult to save than the space station simply because it's science instead of technology, if you see what I mean. It is by definition more theoretical. But I still think it's quite important, and I am hoping we can save it.

Thank you.

NOTE: The interview began at 5 p.m. in the State Dining Room at the White House.

Statement on National Service Legislation

July 28, 1993

By approving my national service plan today with overwhelming support, the House proved that Government can work, without partisan rancor, in a spirit of community, and for the common good.

Now that House Republicans and Democrats have joined in this great act of civic service, I urge Republican Senators to put partisan politics aside and do what is right for this country.

House Members showed the spirit of service that we need in our politics and around the country. Members of both parties recognized that national service isn't Democratic or Republican. It's just plain American, helping young people who help America. The bill embodies principles that Americans from every political viewpoint share: community, responsibility, and opportunity. House Republicans put service ahead of politics. I urge Senate Republicans to do the same.

Nomination for Chief Financial Officer at the Department of Education

July 28, 1993

The President today announced his intention to nominate financial expert Donald R. Wurtz as Chief Financial Officer at the Department of Education. Wurtz is director of the General Accounting Office unit charged with cracking down on high-risk areas of waste, abuse, and fraud in the Federal Government and has worked extensively on problems involving the Education Department's guaranteed student loan program.

At the Education Department, Wurtz will be charged with improving accounting and financial management. He also will play a key role in implementing the direct student loan program.

"Throughout his career, Don Wurtz has worked to uncover and correct the abuse and mismanagement that is too common in the

Federal Government,” the President said. “As CFO at Education, Don will work with Secretary Riley to ensure that the tax dollars of hardworking Americans are not wasted, but instead directed 100 percent to bettering education in America.”

NOTE: A biography of the nominee was made available by the Office of the Press Secretary.

Memorandum on Excused Absence for Federal Employees in Disaster Areas

July 28, 1993

Memorandum for the Heads of Executive Departments and Agencies

Subject: Excused Absence for Employees Affected by the Flooding of the Mississippi River and Its Tributaries

I am saddened by the devastating losses caused by the flooding of the Mississippi River and its tributaries and the impact on the well-being and livelihood of our fellow Americans. Many parts of the Federal Government have been mobilized to respond to this disaster and to begin a massive effort to recover from the ravages of this flooding.

As part of this effort, I request heads of executive departments and agencies who have Federal civilian employees in the areas designated as disaster areas because of the flooding to use their discretion to excuse from duty, without charge to leave or loss of pay, any such employee who is faced with a personal emergency because of the flooding and who can be spared from his or her usual responsibilities. This policy should also be applied to any employee who is needed for emergency law enforcement, relief, or clean-up efforts authorized by Federal, State or local officials having jurisdiction.

William J. Clinton

NOTE: This memorandum was released by the Office of the Press Secretary on July 29.

Remarks on the Earned-Income Tax Credit and an Exchange With Reporters

July 29, 1993

The President. I don't want them to miss the vote. [*Laughter*] This is what is known as an excused absence for the Congress. I want to say a warm welcome and a word of thanks to the Risners, the Dorseys, and the Dikemans, all of them for coming here. They're not used to being public speakers, but I think they did a fine job, don't you?

I'd also like to say a special word to Mr. Dorsey. When I was a boy, I cut lawns for a living, too, and nobody ever gave me more than I charged. You're either a better salesman, a better grass-cutter, or you had better customers. [*Laughter*]

I am so glad to have these families here today because they emphasize that a pivotal part of this economic plan is increasing the earned-income tax credit which, more than anything else we could do, will reward work and family and responsibility and make a major downpayment on welfare reform.

You heard Robin make that point. There are so many Americans in this country who want to work, who want to be independent, who want to support themselves, and who find themselves in a position of not being able to make ends meet, not being able to cover basic costs. The earned-income tax credit can help them do that. It is a terribly important part of this overall plan, which not only reduces the deficit by \$500 billion, but also does it in a fair way. Half of the reduction comes from budget cuts; four-fifths of the rest comes from taxes on the upper income people in this country, the upper 6 percent; one-fifth from taxes on families with incomes above \$30,000 and below, for couples, \$180,000.

But the most important thing of all to reward work is that this will be the first time in the history of our country when we'll be able to say that if you work 40 hours a week and you have children in your home, you will be lifted out of poverty. It is an elemental, powerful, and profound principle. It is not liberal or conservative. It should belong to no party. It ought to become part of the

American creed. It's not about more governmental or social workers or more services. It's about more groceries and a car, more school clothes for the kids, and more encouragement and hope to keep doing the right thing. These families have made it clearer than I ever could.

One of the things that I want to emphasize is that if we ever want to really restore the health of the American economy, it won't be enough just to bring down the budget deficit or just to have good economic policies. You have to find a way to tell people that if they work hard and play by the rules they'll be able to make it, they will be rewarded. The incentive system in America has worked against that for too long.

You know, it's amazing to me how many American families still live in poverty. About 18 percent of the work force, nearly one in five families, have a worker and still do not reach the Federal poverty line. There are 36 million, approximately, low-income Americans; about 20 million of them live in a family that works, with someone working at least part of the year; 6 million live in families where someone works all year round, full-time, and the family is still in poverty. And as I said, where there is a family of four, about one in five, or 18 percent, have insufficient incomes to lift them above the Federal poverty line.

So in spite of all the profamily rhetoric of our National Government for years, our policies haven't worked. In fact, they've been going in the wrong direction. We need every American who can to work if we're going to compete and win in the global economy. And more than ever, we need strong families. This is, as you can see, not just a prowork policy, it is a profamily policy. We shouldn't make it harder to work and support a family. We ought to make it easier, and the people who do it should be lifted up as examples of the American ideal, not punished because they're trying to do the right thing. That's what the EITC does.

We ought to have two principles that operate in this country: People who can work should work, but if they do work, their families at home shouldn't be poor.

Today I also want to announce that the IRS will begin an aggressive outreach cam-

paign to reach all Americans who are entitled to the credit. This will make it easier for them to receive benefits they have earned by working. It will also help us to educate them about the advantage of getting an advanced EITC, rather than having to wait an entire year. All these folks figured out how to work the system. But there are a lot of people out there, just like them, who haven't and who deserve the same incentive for work and for family.

We know that this program works. We know it's a lifeline for semi-skilled workers who are working to improve their education and training. We want Robin to get home in time for the test, and we want her to make a good grade. And we want that, also, to be a symbol for all the people in this country who are struggling to do the same thing.

We know that the vast majority of all those who benefit from the EITC work very long hours for a very modest compensation in jobs that very often have inadequate benefits, either for themselves or for their children. These are just three of the millions of stories we might have heard today from a part of America we almost never see on the evening news.

Every time you see a crime story reported in a tough neighborhood, remember that most people in that neighborhood, no matter how tough it is, work for a living, do their best to raise children, never break the law, and are struggling, struggling against odds that are enormous to make it and to make the American dream real for themselves and their children.

It is time we acted to support those people. In some ways, they may be the most heroic of all Americans today. If we really want to rebuild family life in America, if we want to recognize the realities that nearly everybody has to work to make ends meet, and more and more families have to have both parents working if they're in the home, even if they have four children and two of them are as young as those two youngest boys, we have got to say to those people: We are on your side. Your country is for you. You have done what all of the speechmakers talk about, and it's time the people who make the speeches had policies that reward you for doing what people have been pleading for Americans to do for years and years now.

That's why I think this is a critical part of this economic package. Make no mistake about it: If the people who favor the "no-new-anything approach," as the Wall Street Journal characterized the opponents of our plan, prevail, Americans will lose the prowork, profamily, proresponsibility element of the earned-income tax credits, the largest single expansion in an effort to help the working poor in over two decades.

We can't let this happen. This is just one more reason why we have got to act, and act now on this economic plan. This is not about numbers and digits and accountants' gimmicks; it's not about arguments about who perceives or feels what about this economic plan. This is about how the low-interest rates, deficit reduction, the business incentives and, most important today, the earned-income tax credit will affect the real lives of real people and help them to live and succeed in the way that we always speak as if we want them to be able to live and succeed. This is the real world. You met it today. I hope the Congress will make it possible in the next few days to have more families like this with more success stories. Thank you very much.

We can take a couple of questions.

Economic Program

Q. Mr. President, what do you think is the chance of your budget getting through?

The President. Good.

Q. We understand it's in deep trouble in the Senate.

The President. I think it's good. You have to listen not only to what's being said but how it's being said. You know, as more information gets out, it's just like I've always said, rhetoric was our enemy and reality is our friend. There's a story in the Wall Street Journal today that once again Americans are hearing the facts instead of the rhetoric and the bad-mouthing and the negativism of our opponents and people are saying, "Let's give the President's plan a chance," and more likely to support Members of Congress who support it than they are Members who oppose it. They're beginning to learn again that over 70 percent of the taxes now fall on families with incomes above \$200,000, the top 1.2 percent of the population, and that this

attack that the Republicans have used to try to convince ordinary Americans that they're being soaked, that there's no deficit reduction, is all a bunch of hokey. And I think we've got to get this out. So I'm feeling much better about it.

Q. Mr. President, that same survey shows that despite all the time you've spent on the economy, more people give you high marks for foreign policy than for handling the economy. Why do you think that's the case?

The President. Because they're still worried about their economic circumstances. And because they want results. And because the Congress hasn't passed the plan yet. We need to begin to do things. But if we pass the economic plan, if we move on the health care to welfare reform, deal with the crime bill, if the Senate will not filibuster the national service bill and open the doors of college education to all Americans and give people a chance to serve their country, then people will believe that Washington will do better. Also, the ratings of the Congress will go up. People want things done. They didn't hire us to come up here and give speeches. We've tried the speechifying for a good long while; it didn't work very well. They want things to be done. I think the American people are very patient in terms of knowing we've been getting into economic trouble for 20 years, and we followed a certain economic policy that I want to change for 12, and it's not going to turn around in 6 months or a year, that we've got a lot of effort to make. But they want to know that we're at least moving, that we're moving from talk to action.

And that's why I wanted these families to come here today, to point out that this really will affect people's lives. There was another article I saw in one of the papers this morning interviewing very small business people who had been told on the talk shows and from other sources that they were about to get wanged by this plan, and all of a sudden now they've realized they're going to get their expensing provision doubled, and over 90 percent of the small businesses in this country will have an opportunity to lower their tax burden if, but only if, they invest. So I think that reality is creeping back in, and that's a healthy thing always.

Iraq

Q. Mr. President, the Pentagon says that U.S. naval aircraft have again bombed Iraqi missile sites. Could you update us and tell us what exactly is going on?

The President. There is nothing out of the ordinary about what happened. It was not part of any new initiative. It was part of the old understandings under which our planes operate in that area and circumstances under which they respond.

Entitlements

Q. Mr. President, another controversial aspect of your plan deals with entitlements. A few days ago, Congressman Tim Penny said that you're considering issuing an Executive order to curb entitlements. My understanding is it would be modeled after the Stenholm entitlement budget provision in the House. Can you comment?

The President. The Stenholm provision basically imposes discipline on our budget. It says that if we miss the deficit reduction target in any given year in any given category, whatever the category is, whether it's general expenditures, revenues, or entitlements, that the President will have to come back in with a plan to meet the deficit reduction target, and the Congress must vote on it. They don't have to vote specifically for that, but they must vote for something. They have to vote on it. In the rather arcane rules of the Senate, there is some question about whether that provision can go on this budget bill without triggering a filibuster and, therefore, requiring 60 percent to approve that provision.

Now, I believe every Republican Senator is for the Stenholm amendment, in his or her heart. I believe that, because it is what they always say they want: spending discipline. And yet they are threatening to filibuster it. Why? Because it makes our bill stronger, because it's a real deficit reduction, because it undermines the ability to give speeches instead of doing something.

And so if they don't let the Stenholm provision go on the budget, then I will do my best to, by Executive order or through a separate bill or through some other measure, to get as much of that discipline as I can. I think we should every year—nobody, nobody running a business can foresee what's going to

happen for 5 years. The networks represented here can't do a 5-year budget and estimate with absolute exactitude what their revenues are going to be and who will watch what and all that sort of stuff. And you ought to make corrections every year, and this is the first time the Government's ever committed itself to that. I like it.

Bosnia

Q. Mr. President, are you considering the use of war planes over Bosnia, not just to protect U.N. peacekeeping forces but also to keep the supply lines going and perhaps to stop some of the shelling in Sarajevo?

The President. The best way for me to answer that today is to say that nothing has changed since I was asked that question and others yesterday. We're still waiting to hear from the U.N. When we do, when we make a decision, then I will respond.

NOTE: The President spoke at 12:02 p.m. in Room 450 of the Old Executive Office Building. In his remarks, he referred to participant Robin Dikeman. A tape was not available for verification of the content of these remarks.

Interview With the Nevada Media

July 29, 1993

The President. It's nice to hear your voice. I want to thank all of you for participating in this radio press conference or town hall meeting or whatever we want to call it. I'm glad to have the chance to talk with you.

Let me just say very briefly by way of summary, the Senate and the House are meeting today, trying to agree on a final version of the economic program which could then be presented for a vote next week. Obviously, I'm trying to secure passage of the program. I believe it is very important. I want to emphasize, if I might, some of the major features.

First, this is the largest program for deficit reduction in the history of the country, \$500 billion. Of every \$10 of deficit reduction, half of it is in spending cuts, very significant ones in nondefense as well as in defense, including 150,000-person reduction in the Federal

work force and big cuts across the board in many other programs.

Second thing I want to say is that of the \$5 in new revenues, about 80 percent of them come from the top 5 percent of the American work force. There are no income tax increases on couples with incomes below \$180,000 a year.

Third thing I want to say is that in addition to reducing the deficit and imposing a fair tax burden, this program does an awful lot to promote job growth. It holds families with incomes of under \$30,000 a year harmless. It doubles the expensing provision of small business and makes over 90 percent of the small businesses in America eligible for a tax reduction if they invest more in their businesses. It has a very innovative capital gains tax for investment in small new companies that are capitalized at \$50 million a year or less, which should benefit a fast-growing State like Nevada. It has any number of other very important things that could help the technology jobs in your State, including an extension of the research and development tax credit, as well as real initiatives to revive homebuilding and real estate which is why the National Home Builders and the National Realtors, two groups not normally associated with Democratic Party initiatives, have endorsed this program.

Yesterday we had almost 70 business executives from all over the country, including 4 big energy company executives, about half of them Republican and of course the other half Democratic, endorsing the program and saying it was important because we had a 20-year low in interest rates, and we had to restore certainty to the economy, keep these interest rates down because we're bringing the deficit down, and get on with other business. We've got a health care issue to deal with, a crime bill to deal with, welfare reform to deal with, all these things that have to be done but can't be done until we first pass the economic plan.

With that, I'll be glad to take as many questions as we can.

Economic Program

Q. Thank you, Mr. President, for allowing us this opportunity. Why have you had such a tough time selling your economic plan to

not only Congress but to the American public?

The President. I think until the last couple of weeks, the opposition did a better job than we did because they had a simpler job of selling it. We had some overtures to the Republicans, and especially in the Senate, before I even unveiled this program about whether there was a possibility of a real bipartisan effort to deal with this deficit. And we were basically told that if we were going to have any taxes on upper income people, they weren't interested. And they basically wanted to take it all out of Medicare and other things that we think there's a limit to how much you can cut. And we've cut Medicare as much or more than they have in the past but not as much as they wanted.

So when you've got a program of spending cuts, tax increases that are overwhelmingly on the wealthy with an enormous number of economic incentives to grow, you'd think it would be quite popular. In fact, it is when people know the details of it. But what happened is, you had everybody from the Republican Senators to a lot of the House Members to Rush Limbaugh just trying to convince the American people that there were no spending cuts, no deficit reduction, and no taxes on anybody but the middle class. None of that was true. But it's a lot easier to bad-mouth something like that and just scream "taxes" than it is to deal with the specifics.

Let me just give you one example. Just in the last couple of weeks, it's been very impressive to me that the Wall Street Journal, a newspaper that's not editorially on my side often, that their news columns have repeatedly shown how most small businesses benefit from this program, but most of them didn't know. Their communications job, those that are against us, was simpler than ours, and we've only begun to do what we should in the last couple of weeks.

But the more people know about this, the more likely they are to support it. The details of the plan are friendly to support; it's all this rhetoric that's hurt us so bad.

Taxes

Q. Mr. President, I am here, and on behalf of our audience in northern Nevada, I would

like to thank you for this opportunity. We've had quite a lot of interest at our station today particularly in the subject of the cost of your economic program to our people here in northern Nevada. Mr. President, the deficit is something that most people cannot reach out and touch or feel, and yet taxes, whether we're talking income taxes, a gas tax, a value-added tax, those are very real to our people here in northern Nevada. Is there too much emphasis in your program on reducing the deficit through taxes and not enough on cutting the burden to the American people?

The President. Well, let's talk about that. I think from the day I made it clear that we were going to bring down the deficit and then the Chairman of the Federal Reserve Board, a Republican, Alan Greenspan, came out and supported it, long-term interest rates began to drop. When the House passed my bill, they dropped some more. When the Senate passed my bill, they dropped some more.

So here's why average people should be for bringing the deficit down. Number one, that's the way to keep long-term interest rates down. That means you can refinance your home or your business loan or take out a car loan, a consumer loan, or a college loan at lower interest rates. Millions and millions of Americans have refinanced their homes just in the last 5 or 6 months with these lower interest rates that are a direct result of our serious attempt to bring the deficit down. And if we pass the program, the interest rates will stay down until the economy really, really starts to boom again. That's good news.

Here's another reason ordinary people should be for bringing the deficit down. We are spending more and more of taxpayers' money just to pay interest on the debt. In 1980 our debt was \$1 trillion. By 1992 our debt was \$4 trillion. Today every Nevadan puts 15 cents of every tax dollar to the Federal Government just to pay interest on the debt. That means middle class people are paying interest payments to upper income bond holders who hold that money, instead of using the money to educate their children or to build roads or otherwise develop the economy of Nevada.

The third thing I would say is that this deficit has clearly made our economy weaker.

It is one reason we cannot grow jobs and increase incomes. Now, Nevada has been the fastest growing State in the country for new jobs for the last 6 or 7 years. But even that cannot go on forever.

Finally, let me say, let's talk about what this burden really is. Keep in mind that half of this deficit reduction is coming from spending cuts. Of the taxes which will be paid, basically, for a family of four with an income of \$50,000 or \$60,000 or what we're talking about today, the costs will be no more—and this is the outside—than \$50 a year, or less than a dollar a week. For a family with income of under \$30,000, they'll be held harmless. And the income tax increases only trigger on people whose taxes were lowered in the 1980's while middle class taxes went up, families in the upper 6 percent of the income earners. So I think it is a fair and balanced program.

Q. Thank you, Mr. President.

Q. Good afternoon, thank you.

The President. Thanks.

Senator Richard Bryan

Q. Are you speaking to residents of the Silver State today mainly at an attempt to change Senator Richard Bryan's opposition to your deficit reduction plan?

The President. Yes, but not only that, also to point out why Senator Reid and Congressman Bilbray voted for it. They've all been good friends of mine. And Senator Bryan has some very legitimate concerns which I've tried to address, and I think when this conference report comes out, that is, the final form comes out, the bill will be more to his liking.

One of the things that Senator Bryan, himself, thought the Btu tax was a little better than the gas tax. He also felt very strongly that we ought to have more economic growth incentives in this bill than the Senate originally provided. And we're putting some of those growth incentives that I proposed in the beginning back in there: the new business capital gains tax, the incentives to rebuild the homebuilding industry in America, the incentives for industry to invest in new plant and equipment, doubling the expensing provision for small business, more incentives for research and development, the things that

will cause business and individuals to invest to grow jobs. Dick Bryan said he thought that too much of that had been taken out when the Senate bill passed, and I agree with him. And I hope when we get this final bill out there he'll see it as a projobs bill that will be good for Nevada, and then he'll feel that he can vote for it.

Job Creation

Q. We seemed to be losing jobs nationally faster than they can be generated: last week Procter & Gamble, this week IBM, not to mention the jobs that have been lost through the cutback in the Sears catalog stores. How do you propose to reverse that process, and is there something specific that the private sector can do to help?

The President. Yes, there are some specific things that the private sector can do, and let me make two comments, if I might, to the statement you made by way of introduction. Number one, every rich country in the world is now having trouble creating jobs, even when they're having economic growth. We've seen that in Germany. We've seen it in France. We've seen it in Japan. That's cold comfort for America, but our unemployment rate is actually lower than all those countries now, as tough as it is here.

Number two, in our country and in all other advanced countries, big, big companies like IBM, Procter & Gamble, Sears are going through a process of restructuring where they're eliminating middle layers of management, getting rid of unprofitable businesses, and cutting down so they can be more flexible and so they can compete. That is very tough, and it's tough for our economy.

So how are we going to generate more jobs? These are the things that have to be done. First of all, what can the private sector do? They can invest more, create more jobs here, and sell more products and services at home and abroad.

What is the Government going to do to help them do that? The first thing I want to do is get the deficit down so we can keep interest rates down. The second thing I want to do is to change the Tax Code so that we favor investment for jobs, that we give people ways to lower their tax burden by investing to create jobs. The third thing I'm trying my

heart out to do is to open new markets for our American products and services around the world. If we do those three things and we provide a better system for educating and training the work force, control health care costs, which is a big problem for a lot of these big companies—a lot of them are going into real trouble because they can't control health care costs—and then have a better system for developing our people's ability to work, reducing the welfare rolls, increasing the work rolls, training people better, those are the kinds of things that will change the future of this country. And that's what my economic plan is designed to do. The deficit reduction program and the jobs incentives, that's only the first step. We've still got to do these other things as well.

Economic Program

Q. Of all the things in the budget and the deficit reduction package, several of the things which seem to hurt Nevada the most—we're basically a service economy; we depend on tourists arriving here. We're not a manufacturing State; we're not really an agricultural State; we don't export a lot of things anywhere. And yet, the proposal for a nickel more a gallon on gas—the Btu tax may or may not be dead—all of those things would tend to drive down tourism, the very thing that Nevada thrives on. What is there in your program, since we're already the second fastest growing State job-wise and we have among the highest in new construction and what have you in our State—what is there specifically in your plan that will actually be of benefit and not of cost to the people of Nevada?

The President. Well, first, let me make a comment about—there will not be a Btu tax. If it is an energy tax, it will only be the fuel tax. I think it will pass at a low enough level so that it will not burden travel any. Keep in mind that gasoline in America is the cheapest of any country in the world, and gasoline is now at its lowest price in 30 years in America when you make adjustments for inflation. So we've got very low fuel costs, and we're proposing a very modest gas tax, not a big one.

Secondly, there are a lot of things that are good for Nevada, are the incentives to revital-

ize the homebuilding and real estate—homebuilding's slow everywhere, just about—the incentives for all small businesses to invest more, to increase their profitability and their employment, which is a dramatic thing. We've qualified over 90 percent of the small businesses in this country for a tax break. And then the incentives for new high-tech industry and research and development and investment in new companies, that's very important, because among other things, we're trying to find alternative developments uses for the nuclear test site while we've got this moratorium on nuclear testing. You've got a big sort of technology-based infrastructure up there because of the past nuclear tests, and the Governor's economic development task force is working with us now to determine whether there are alternative uses and projects and spinoffs. And this would help a great deal because it would make this kind of investment more attractive to more capital by giving tax incentives to attract it.

So all those things are important. And in the end, I'll say every State in the country will have a more attractive, effective economy if the deficit stays down and we can keep interest rates down. Low interest rates for a sustained period of time will make available more money to more business people and lower cost in every State in America, and that's very, very important. That's a big issue in every State.

We can take a few more questions if you like. Let me go back to the top.

Federal Lands

Q. Yes, sir. Mr. President. Do you see there being increases in grazing fees for public lands, and also on mining royalties?

The President. I think the Congress will pass some increase on mining royalties with a bipartisan consensus that has some support from the West this year. I think they will be pretty modest and the subject of a lot of discussion. But it appears to me that they're going to pass a bill to do that.

With regard to the grazing issue, Secretary Babbitt has visited Nevada as part of his western swing to talk to people about that. What we had hoped to do is to turn that whole issue into an environmental one, that is, to give ranchers incentives to continually

restore the ranchland as a way of avoiding higher fees and also to make sure that any fees that were imposed were not economically crippling to the people involved.

As you may know, if you've been reading the press back East, that we took a lot of criticism, Secretary Babbitt and I did, from a lot of legislators from places other than the West who wanted to mandate by law much, much higher grazing fees. And we took the position that the Secretary ought to go out West, ought to sit and visit with the ranchers and cattlemen and talk to them about what we could do to make sure we're being environmentally responsible with this Federal land and how we can use the grazing fee structure in a way that would encourage that. So that's where that issue is now.

Energy Tax

Q. A fuel tax increase will not only be felt at the gas pumps, sir, but in people's pocket-books as well, in regard to the price of goods and services at the consumer level. Now, the Fed has indicated that interest rates will be raised if inflation starts to rise. How do you justify a double whammy or a double blow like that? How can that be good for the economy, sir?

The President. Well, the Fed has basically indicated that they're going to raise interest rates if this deficit reduction package doesn't pass. Alan Greenspan has repeatedly told the Congress that the size of the Federal deficit and the accumulated Federal debt from the last 12 years was the biggest threat to the health of the American economy. And he was up there just last week saying that if this plan is derailed and we don't, in fact, come up with a plan for just about \$500 billion of deficit reduction, that in his view interest rates are going to go up, and that will cripple the economy.

As I said, everybody we have talked to has suggested that this level of fuel tax increase will be very modest and have virtually no impact on the economies of the various States in the country. Virtually all States in America have raised fuel taxes more than this for their road programs over the last 10 years without adverse economic impact.

Q. Early on in the proposition on the Btu tax, you mentioned that one of the reasons

for such a tax was to provide an incentive for alternate energy sources. Now, Nevada has tremendous geothermal energy resources here that are being developed on a somewhat small scale. Without that Btu tax and that incentive, what kind of an incentive are you going to provide down the road for developing alternative energy such as geothermal?

The President. We're going to have to come up with another approach. The reason I liked the Btu tax is that it promoted the development of American clean energy: natural gas, geothermal, methane, ethanol, solar energy, all kinds of things which would have led to big investments in the West particularly to try to develop the technologies. But there was so much misinformation and such an effective special interest campaign carried out against the Btu tax that it was killed. We just had no way to save it.

I will say this in response to the gas tax question: The fuel tax now being considered is a smaller amount per gallon than the Btu tax was. But Nevada would have gotten the benefit of having a greater economic incentive to develop geothermal and alternative sources of energy. I haven't given up on that, but I can't do everything in this bill. In order to get on to energy policy, control of health care costs, which is a huge economic issue for America, welfare reform, all these other issues, we've got to pass the economic plan first.

Federal Employees

Q. We hear again and again how we all must make sacrifices to bring the deficit under control. What about the salaries and benefits that Federal employees earn? Will they too be asked to sacrifice?

The President. Absolutely. First of all, let me repeat again, I recommended, number one, that we reduce the Federal work force by now a figure that is now 150,000, and I think it will be bigger before we finish, that is, I have another report coming out on this next month; number two, that we freeze the pay of Federal employees of next year, and for the next 5 years we not give them the cost-of-living increases that they got all during the eighties, that we give them less than the total cost-of-living increase.

I think you can make a compelling argument that Federal employees are making from a percentage point of view, the biggest contribution to deficit reduction of any single group in America. And by and large, interestingly enough, they've been pretty supportive of this. They've recognized it that they have jobs with the Federal Government, that we've got to downsize the Government, and that they need to show some restraint, if other Americans are going to be asked to pay \$50 a year in a fuel tax, that they need to show some restraint on their pay. But if you look at the automatic cost-of-living increases they've been getting for the last 12 years, it will cost them a lot more than \$50 a year, this program will, before we're done, and they'll pay a much bigger share. But I think that's right; the Government should make a bigger sacrifice than the taxpayers. I believe that they should, and I believe they are.

Line-Item Veto

Q. Our Senator Harry Reid recently had a small success in getting the 100-year-old Tea Tasting Board abolished and the funds for that. He proposes sunset legislation that would cut off funding for all programs after 10 years without a review, and President Bush and several others have proposed the line-item veto, something that the State Governors, many State Governors have. Why haven't we heard anything about that? It would seem to me and to many that it would be a way to cut a lot of pork out of the various national budgets.

The President. I'm strongly in favor of it, and we have actually passed it through one House of the Congress already. A strict line-item veto would probably require a constitutional amendment. We had to modify it some to meet the requirements of the Federal Constitution, but we've passed a strong bill out of the House. It's in the Senate now. I think both Senator Reid and Senator Bryan support it, and I very much hope that we can pass it. If I had the line-item veto, I assure you that I would, myself, be able to deal with things like the Tea Tasting Board and some of the other subsidies.

You know, Senator Bryan has proposed eliminating the mohair subsidy, which goes back to the Korean war, which was a pretty

gutsy thing for him to do, but it passed the Senate last week. So both Harry Reid and Dick Bryan have been working on this cost-cutting in the Senate. I want the line-item veto very badly. I pushed it as hard as I could. We got it through the House, and I think that the Senate will pass it, but everything is on hold while they deal with the budget. But you're absolutely right, it ought to be passed.

As far as the sunset review goes, we had such a law in my State, and we tried to use it. My own experience would indicate that the Government could eliminate an agency a year and never miss it. That's basically what we'd try to do. Every time our legislature met every 2 years, we'd just try to eliminate a government agency. We did it, oh, three or four or five times, and I never heard any complaint from the taxpayers if it was something we didn't need anymore.

So I think there is more specific cutting that we can do, but I would remind you that next month the Vice President is going to reveal his report on reinventing Government, and we'll have a lot more recommendations for further cuts in there.

Let me take one last question—oh, they say I have to quit. I'm sorry. I'm having a good time, and I wish I could talk to you some more, but I've got to go to another meeting.

Let me say how much I appreciate your giving me this opportunity to speak directly to the people of Nevada, and how much I hope that they will encourage their Senators and Congressman Bilbray to support this plan. It's clearly good for America. There is an enormous bipartisan support from people who know how badly this huge deficit has hurt our country and how much we need some more incentives in the Tax Code for people to invest where the new jobs are being created, in small businesses.

We have done our best to ease the impact of this on middle class families and on any given State. Like Nevada, I live in a State with a high amount of gasoline usage. But the price of gasoline now, plus the relatively modest amount of the fuel tax, it seems to me is a small price to pay to get this Federal deficit under control and keep these interest rates down.

So I hope you will support the plan. And we need it. And most importantly, I hope you will support the fact that your Senators and your Congressmen are up here in Washington really trying to honestly cut this budget and make some tough decisions, and I think they deserve support in that effort.

Thank you very, very much.

NOTE: The interview began at 4:43 p.m. The President spoke via satellite from the Roosevelt Room at the White House. A tape was not available for verification of the content of this interview.

Remarks Honoring the Young American Medal Winners

July 29, 1993

The President. Thank you very much. Ladies and gentlemen, especially to our honorees, I want to welcome you to the White House and say I hope you had a wonderful day in Washington. I know you've been over to the Justice Department with the Attorney General. I want to thank her for her service to America and for her introduction and to recognize some others who are here: Floyd Clarke, the Acting Director of the FBI; Robert Bonner, the Administrator of the Drug Enforcement Administration; Henry Hudson, the Director of the U.S. Marshals Service; S.S. Ashton, Jr., of the Office of Justice Programs; and Ellen Wesley, who coordinates this program at the Department of Justice. I'd also like to recognize at least four Members of the Congress who are here: Senators Kent Conrad and Byron Dorgan from North Dakota, and Senator Larry Pressler from South Dakota, and Congressman Tim Johnson from South Dakota. I want to thank you for coming.

The Young American Medal for Service and the Young American Medal for Bravery are awarded to a young person whose deeds, in a very real way, represent the best our Nation can offer. At a time when we hear too much about self-interest and not enough about what each of us can do to advance the common good of all Americans, seven young people here being honored, with their fami-

lies, are role models for all the rest of us. Their selfless acts of service to their neighbors remind us of our own responsibilities to our communities and to our Nation.

As extraordinary as the courage and initiative of all these young people has been, we must remember, too, that every American can contribute. Look how the American people are responding to the challenge presented by the horrible floods in the middle of the country or how they responded to Hurricane Andrew last year. Most Americans want to do more and will every day if they're given a chance to do it.

The medals we award today honor special acts. And in the same spirit, I have tried to launch in the Nation's Capital for young people throughout the country a program of national service that will give people the opportunity to help people day-in and day-out, and to earn some money as well against their college education.

The plan was passed yesterday by the House of Representatives, and we are one vote shy of ending the filibuster in the Senate. I hope that will happen tomorrow, and millions of young people over the next umpteens years will be given the opportunity to serve in a very real and compelling and human way in their own communities.

Lately we hear a lot about the things like cost-effectiveness and efficiency, and those are very important things, but they sound sort of bureaucratic. Today we honor things that matter more, the potential of the human heart and the courage of even the very young, what the great American writer from my part of the country, William Faulkner, called the truths of the heart: love and honor and pity and pride and compassion and sacrifice. When an emergency struck, the young people we honor today didn't wait, they acted. When a need arose, they didn't question whether they would succeed in the end, they simply went to work. We have a lot to learn from the young people we honor today.

Now I'd like for each of them to come up on the stage and receive his or her medal as I call their names, and then we have a place for them to stand. I'd also like for their parents and family members to stand as I read a few words about them.

The Young American Medal for Bravery is presented to Waylon Dean Bertsch of Buchanan, North Dakota. I'd like the people who are here with Waylon to stand up. Anybody here? There they are, back there. When Waylon was 10 years old, his 5-year-old sister, Andrea, fell through the ice in a river near their home. He sent for his parents and then went to his sister's rescue. After falling through the ice himself, he kicked to keep his body and his sister above water. It worked. When their parents arrived, they pulled both of them out alive. Good for you.

Christopher Paul Erichs, Rapid City, South Dakota. Stand up. Give him a hand. *[Applause]* A student at Christopher's school entered a classroom with a sawed-off shotgun, ordered the teacher to leave, and took 22 students hostage over a 2½-hour standoff with professional negotiators. As the gunman moved to light a cigarette, Christopher snatched the shotgun from his hands, calmly freed the other hostages, and called in the police. Let's give him another hand. *[Applause]*

Jessica Ann Johnson of Elliott, Iowa. Who is here with you? Look, you've got plenty of folks here with you. Jessica was just 7 years old on her family farm when she heard the screams of her 4-year-old brother. He had crawled into a pigpen and was attacked, trampled, and bitten by 450-pound sows. She went into the pen with the sows, dragged her brother to a safe spot, went back through the pen and went to her mother for help.

I can only tell you that this is something I have a limited, similar experience with. When I was 6, I was attacked by a ram on our farm, and I was darn near killed. I know how terrifying it is when you're that age to be attacked by an animal that can take your life. To think that this young girl at her age, to have that amount of courage to save a member of her family is really astonishing. Let's give her a hand. *[Applause]*

After I got bloodied by that ram, I got into politics thinking I wouldn't get knocked around so much. I think you ought to stay on the farm. *[Laughter]*

The Young American Medal for Service is presented to Kelly Elizabeth Broxton from Gaithersburg, Maryland. Who's here with you? They couldn't contain themselves. They

started clapping early. Stand up. This is great. Kelly taught over 300 students about basic first aid, certified first aid training, and how to get treatment for substance abuse. She also organized a youth council that recruited students from 19 other schools to perform community service projects. Good for you. Congratulations.

Dennis Chisholm, Jr., of Winston-Salem, North Carolina. Your family is standing. Give them a hand. *[Applause]* Dennis volunteered his many talents during the school year and 5 days a week in the summer to work in a center for children with disabilities. He helped other children develop motor skills and build their self-esteem through a range of physical and creative activities, including music and even computers.

I think that I should note that we have just celebrated this week the 3d anniversary of the Americans with Disabilities Act, a major piece of civil rights legislation. But like every other piece of civil rights legislation we ever signed, it can only work if there is change in the hearts and minds of the rest of the American people. And this young man has helped other people to see the abilities of people with disabilities. We're all in his debt.

Another person who has done much the same is Sarah Elizabeth Greensfelder of Baltimore. Sarah has taken part in all kinds of community service programs: at blood drives, the Special Olympics, Johns Hopkins Pediatric Center, in nursing homes, or with housebound senior citizens. When she was selected for this medal she had volunteered over 900 hours for helping others, the equivalent of working full-time for half a year. Let's give her a hand. *[Applause]* Where's your family? They should stand, too. Let's give them a hand. *[Applause]* That's good. Look at that. You've got a whole back row. Thank you.

Now I'd like to ask—I'm not going to leave you over there—Gennie Sue Sluder of Clatskankie, Oregon—did I say it right?

Ms. Sluder. No. *[Laughter]*

The President. How do I say it? Say it.

Ms. Sluder. Clatskankie.

The President. Clatskankie, Oregon—*[applause]*—stand up. Gennie started a program called Help Hungry Kids. She went to

the school board and managed a statewide campaign that asked students at all 235 high schools in Oregon to donate \$1 and two cans of food apiece for needy children. Now she's at George Fox College, and she's working at two jobs to put herself through school. But when she was in high school she thought of a way to organize a plan for every person her age in the State to help children who were less fortunate. A very impressive accomplishment.

I want to say again on behalf of all the people of the United States, it is a great honor to have these fine young people, their families, friends, and supporters in the White House today. They've made us all very proud, and they've reminded us again of what is most important about our citizenship, our roles in our families and in our communities, and in a very real sense, what it means just to be a person. They're great. Let's give them one more hand. And thank you all for being here.

NOTE: The President spoke at 6:05 p.m. in the East Room at the White House. A tape was not available for verification of the content of these remarks.

Proclamation 6583—Death of Matthew B. Ridgway

July 29, 1993

By the President of the United States of America

A Proclamation

As a mark of respect for the memory of General Matthew B. Ridgway, one of our Nation's most venerated military leaders, I hereby order, by the authority vested in me as President of the United States of America by section 175 of title 36 of the United States Code, that on Friday, July 30, 1993, the flag of the United States shall be flown at half-staff upon all public buildings and grounds, at all military posts and naval stations, and on all naval vessels of the Federal Government in the District of Columbia and throughout the United States and its Territories and possessions. I also direct that the flag shall be flown at half-staff on the same

day at all United States embassies, legations, consular offices, and other facilities abroad, including all military facilities and naval vessels and stations.

In Witness Whereof, I have hereunto set my hand this twenty-ninth day of July, in the year of our Lord nineteen hundred and ninety-three, and of the Independence of the United States of America the two hundred and eighteenth.

William J. Clinton

[Filed with the Office of the Federal Register, 11:23 a.m., July 30, 1993]

NOTE: This proclamation will be published in the *Federal Register* on August 2.

**Message to the Congress
Transmitting the United States Arctic
Research Plan Revision**

July 29, 1993

To the Congress of the United States:

Pursuant to the provisions of the Arctic Research and Policy Act of 1984, as amended (15 U.S.C. 4108(a)), I hereby transmit the third biennial revision (1994–1995) to the United States Arctic Research Plan.

William J. Clinton

The White House,
July 29, 1993.

**Nomination of Administrator for
Federal Procurement Policy**

July 29, 1993

The President today announced his intention to nominate Steven Kelman, a Harvard professor and advocate for cutting Government waste through better purchasing policies, as Administrator for Federal Procurement Policy at the Office of Management and Budget.

“With his background and commitment to making the Government more efficient, I know Steven Kelman will ensure Government purchases are made economically and with care,” the President said.

NOTE: A biography of the nominee was made available by the Office of the Press Secretary.

**Nomination for Ambassador to
Jamaica**

July 29, 1993

The President today announced his intention to nominate former Congresswoman Shirley Chisholm to be the U.S. Ambassador to Jamaica.

“Shirley Chisholm is a true pioneer of American politics whose passion for social justice is unparalleled,” said the President. “I am honored that she will be my Ambassador to Jamaica and confident that she will do an outstanding job in that position.”

NOTE: A biography of the nominee was made available by the Office of the Press Secretary.

**Statement on Surgeon-General
Nominee Joycelyn Elders**

July 30, 1993

I am pleased that the Senate Committee on Labor and Human Resources has recognized the talents and capabilities of Dr. Joycelyn Elders. As Surgeon General, she will be an effective advocate for clinical and educational programs to address the fundamental health and social problems that affect all Americans. I am especially grateful to Chairman Kennedy for his steady leadership during the committee’s consideration of Dr. Elders’ nomination. I look forward to her speedy confirmation by the full Senate.

**Statement on Ending the Filibuster
on National Service Legislation**

July 30, 1993

By breaking the gridlock and ending the filibuster on national service today, the Senate scored two victories. It won one for the American people, but it also won one for the Senate itself, showing that when Democrats

and Republicans work together, we can move America ahead.

National service will be America at its best, energizing our youth, meeting our Nation's needs, and reuniting all of us in the common work of citizenship. This legislation joins our Nation's finest traditions of building community, rewarding responsibility, and offering opportunity.

I want in particular to thank those Republicans who found the courage and vision to support this landmark legislation. When we put partisanship behind us and work together, we really can change America.

Digest of Other White House Announcements

The following list includes the President's public schedule and other items of general interest announced by the Office of the Press Secretary and not included elsewhere in this issue.

July 24

In the early morning, the President and Hillary Clinton returned to Washington, DC, from Little Rock, AR.

July 26

In the morning, the President went jogging with the Achilles Track Club. He then traveled to Chicago, IL.

In the evening, the President attended a Democratic National Committee dinner at the Chicago Historical Society and then returned to Washington, DC.

The President declared that a major disaster exists in North Dakota due to excessive rainfall and flooding beginning June 22.

July 27

In the evening, the President met with the Mainstream Democratic Forum.

July 28

In the evening, the President went to Capitol Hill where he met with the Democratic Study Group. He then had dinner with House Members in the House Longworth Cafeteria.

July 29

In the afternoon, the President had lunch with the Vice President. He then met with recipients of the Enrico Fermi Award.

July 30

The White House announced the President added \$1.3 billion to his request for supplemental appropriations to cover emergency expenses related to the flooding in the Midwest.

Nominations Submitted to the Senate

The following list does not include promotions of members of the Uniformed Services, nominations to the Service Academies, or nominations of Foreign Service officers.

Released July 29

Richard Holbrooke,
of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Federal Republic of Germany.

James T. Laney,
of Georgia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Korea.

Eric Himpton Holder, Jr.,
of the District of Columbia, to be U.S. Attorney for the District of Columbia for the term of 4 years, vice Jay B. Stephens, resigned.

Stephen Charles Lewis,
of Oklahoma, to be U.S. Attorney for the Northern District of Oklahoma for the term of 4 years, vice Tony Michael Graham, resigned.

Vicki Lynn Miles-LaGrange,
of Oklahoma, to be U.S. Attorney for the Western District of Oklahoma for the term of 4 years, vice Timothy D. Leonard, resigned.

Thomas Justin Monaghan,
of Nebraska, to be U.S. Attorney for the Dis-
trict of Nebraska for the term of 4 years, vice
Ronald D. Lahners.

John W. Raley, Jr.,
of Oklahoma, to be U.S. Attorney for the
Eastern District of Oklahoma for the term
of 4 years.

Randall K. Rathbun,
of Kansas, to be U.S. Attorney for the District
of Kansas for the term of 4 years, vice Morris
Lee Thompson, resigned.

Frederick W. Thieman,
of Pennsylvania, to be U.S. Attorney for the
Western District of Pennsylvania for the
term of 4 years, vice Thomas W. Corbett,
Jr.

Michael Joseph Yamaguchi,
of California, to be U.S. Attorney for the
Northern District of California for the term
of 4 years, vice Joseph P. Russoniello, re-
signed.

Anne H. Lewis,
of Maryland, to be an Assistant Secretary of
Labor, vice Steven I. Hofman, resigned.

Released July 30

Jeffrey E. Garten,
of New York, to be Under Secretary of Com-
merce for International Trade, vice John Mi-
chael Farren, resigned.

Checklist of White House Press Releases

The following list contains releases of the Office
of the Press Secretary that are neither printed as
items nor covered by entries in the Digest of
Other White House Announcements.

Released July 26

Transcript of a press briefing by Press Sec-
retary Dee Dee Myers

White House statement on the arrangement
by the Presidential Inquiries Branch with
U.S. Soldiers' and Airmen's Home to con-
tinue processing White House mail

Released July 27

Transcript of a press briefing by Press Sec-
retary Dee Dee Myers

Fact sheet on the "Expedited Exclusion and
Alien Smuggling Enhanced Penalties Act of
1993"

Released July 28

Statement on the signing of the Liberia
peace agreement

Released July 29

Transcript of a press briefing by Press Sec-
retary Dee Dee Myers

Announcement of nomination for eight U.S.
Attorneys

Statement on the request for additional fund-
ing for Midwest disaster assistance

Released July 30

Transcript of a press briefing by Press Sec-
retary Dee Dee Myers

Transcript of a press briefing by Assistant to
the President for National Service Eli Segal
on national service legislation

Acts Approved by the President

Approved July 28

H.R. 2561 / Public Law 103-54
To authorize the transfer of naval vessels to
certain foreign countries

Approved July 28

H.R. 1189 / Public Law 103-55
Armored Car Industry Reciprocity Act of
1993